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EDITOR'S NOTE—With the exception of those by Mr. Moulton and Mr. Douglas, the articles in this number of The National Business are the addresses and discussions the thing the series of the series of the series of the series that the series that we are able to place before them this authoritative review of these vital questions of the hour.

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The Hinges of the Door to Success— Organized Production

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THE world's democracy is leaning heavily on American industrial power today. The support secured depends largely upon one thing-organized production, for experience has proved that it is the factor on which hinges the door of success.

In less than thirty words the House of Representatives appropriated \$640,000,000 a sum half again as large as the entire cost of building the Panama Canal—for the development of a great American air service.

In less than a year this air program calls for the laying of the foundation of a mamouth air craft production equal to what it has taken France and Great Britain three years to accomplish. This is to be done too, without crippling other war work. How? In the words of the Aircraft Production Board "by industrial organization for quantity production," in short by organized production.

Organized production, the securing of greater output at lower production cost, that problem which is up to every American industrial concern today, has been the successful work of Mr. G. Charter Harrison for many years. His experience gained in services rendered many premier concerns enables him to offer invaluable aid to manufacturing concerns which seek the elimination of those factors which tend to decrease output and increase expense.

Costs loom large to-day. Chairman Hurley of the Federal Trade Commission stated recently: "initely per cent of American manufacturers are ignorant of their costs." A high
official of a fifty-million dollar concern engaged in the manufacture of machinery,
engines, etc., states concerning Mr. Harrison's
work: "the further I go into the cost system you
deteloped for our company, the more I am convinced that it is as nearly ideal as one can
expect to obtain."

Remember organized production is the hinge on which the door of success turns. Bear in mind what success means to our country and her allies to-day, and write for full details on how greater production can be obtained with the least possible change of existing conditions and without internal friction.

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Winning the War With Rifle and Smokestack Industry Is Out to Back the Trenches with Shot, Shell, Cannon, Clothes, Pork, Beans,

Potatoes and Trinotroluene Till Johnny Comes Marching Home Again

By NEWTON D. BAKER, Secretary of War

MOSE who describe for us the manner of making war in Europe, tell us that the military forces are in serried lines, one behind another, those at the very front bearing the burden of attack or defense, those next behind them filling up gaps in their maks and passing forward to them the sup-plies of military material necessary to their activities. And behind that line is a third force, preparing other parts of the great enter-

It seems to me, from its energy, that it is not a violent thing to say that we had in the War Council of American Business one of the army characteristic of the modern method of warfare. Not a gun was seen in the hands of any member of that army; no general officer in brilliant uniform; none of the regimentation that ordinarily attaches to military organization, and yet it represented the army of business and industry, which is in the next rank behind those who are actually engaged in the fight. And without the activity and support of this body, no great national military effort is possible.

It is highly important, therefore, I think, that business men some of us who represent for the time being the people's interests in the government should tell business men what we think about the relation of business to war and government to business.

In the first place I want to say that it is not my purpose idly to praise business. do so, it seems to me, would imply some sort of separation between business and government. That business has been active and strenuous and patriotic and vigorous and effective merely means that it, like other citizens of this country, has been conscious of its task and its opportunity. And so when I relate some of the things which

should consult among themselves as to the position of business in great armies of the United States. It was an this war. It is important that business has already done, it is for the satistaction business men will get from the knowledge that their duty has been done, as it has been done by labor and

to is a picture of a tow-headed youngster who would sell his immortal soul and throw in the shirt on his back to be old enough to go to the wars with the lets. The bailled and ignored military apirit of extreme youth is one of the lesser of war's hardships. Someone has pointed out that there are no slackers among the boys. Perhaps scientists can explain this by saying that war is a primitive business and that boys are mostly miniature saveger.

as it is being done by the military men in this

grand country of ours.

Some months before America went into the war, the activity of the European Allies as purchasers in our markets, the diversion of our industry from its ordinary and accustomed channels into war industries, and a number of other circumstances growing out of the war, warned Congress that a careful survey of the business of the country was a necessary element of our strength. So there was passed a law providing for the Council of National Defense.

Upon that council were placed six Cabinet officers, and to it was added the Advisory Commission of the Council of National Defense, composed of seven civilians. I have not the least doubt that the name of every one of those seven is perfectly known to every business man, and yet I want the satisfaction of calling that roll of honor by name:

Daniel Willard, president of the Baltimore & Ohio Railroad: Howard Coffin, Bernard Baruch, Franklin Martin, Samuel Gompers, Hollis Godfrey, and Julius Rosenwald.

THEY came to Washington from great priduce, as it seemed, at least in large part, their task in active business in this country, and the threw themselves with a whole-hearted enthusiasm and devotion into the coordination of the industrial resources of this country in a way that I think no other volunteer commission of seven citizens in a great republic has ever done up to this hour.

The task was not simple, either in construction or execution. For a hundred years here in America we had pursued the ideal of strong individualism, in our personal and economic, our social and business relations. There was a certain distrust on the part of business of government, and any inquiry or activity on the part of government directed toward business, either an individual business or business as a whole, was looked upon with suspicion if not with dread by business.

These seven men by virtue of their commanding positions in the business world, by virtue of the clarity of their vision and the fineness of their activity and purpose, instantly summoned all the business of America to group itself around the Council of National De-

fense.

In a very little while, from all over this country, there began to assemble in Washington groups of men representing particular lines of trade or commerce or industry. When they got there, they took fire with the spirit and the patriotism and loyalty and largeness of the vision of these gentlemen whose names I have called: and in an incredibly short space of time the business of America was aligned on the side of government.

And then we went into the war, and instantly there began to pour into Washington trom every part of the United States literally tens of thousands of requests and offers from men everywhere. They wrote to me, I am sure. by hundreds of thousands, and the story was a common one. Their letters might have been cast in the same mold: "Mr. Secretary, what can I do for my country?"

Men old in years, men of middle age and vouth; men willing to desert the business of which they were the head and lay their fortunes before the government; young men who were just striking out into life and had their future before them—all were willing to desert their personal concerns and take the most obscure appointments in connection with everyment service, in order that there might be a complete aggregation of the strength and spirit of the United States in Washington and

about the great enterprise upon which the government had embarked.

These hundreds of thousands—and I use the figures with the understanding that they are literally used—these hundreds of thousands of offers of individuals were supplemented by men who came to offer their business—"Take our factory; take our facilities; take our business; take our men; break up our organization" was the common invitation that was extended to us in Washington. And some men, many men, were not content to write, but they came to Washington and sought personal interviews with us through their friends who knew us personally—not to get from us some selfsh advantage, but to make us understand in Washington how genuine was their desire to serve and how perfectly unselfish their willingness to accept an insignificant seeming place if in fact the opportunity of service inhered in it.

It was tremendously inspiring, but for a while it seemed confusing. Nobody could sit in the center of a great nation like this, of one hundred and ten million people, and settle the personal problem. It is practically impossible. And in Washington we began to accumulate great lists or piles of letters from people whom we could call upon if the occasion arose. Our letters in reply must have seemed formal, to the effect that "When we find the place to use you, you will be invited to come." I have no doubt that throughout the country in many places men whose hearts burned with enthusiasm felt a sense of chill and rebuff enthusasm left a sense of chill and rebuil when they got from Washington merely a letter saying "If we can find the place we will send for you." Yet surely that was not the spirit of Washington. There was an elevation about life. I think, in those days which I find myself wholly unable to describe. Each day as I came to my office and saw messengers with arms loaded with lettersand I knew the contents of every one of them-I could feel that all over this great continental expanse people were filled with desire to serve the country, and that that democracy which the President wanted to be made safe for the world was safe in America at least.

Now let us turn from the picture of apparently inextricable confusion to what has been done. Only a few short months have elapsed, yet the understanding between business and government has been worked out. Where once there was confusion, due to the multitude of the generous people, there is now order.

order.

In Washington, the Advisory Council of the Council of National Defense and the War Industries Board also summoned great men out of business to the voluntary aid of the government, men like Judge Lovett and Frank Scott of Cleveland.

Frank Scott of Lleveland.

All of those agencies have now ordered business so that not only is the capacity of the country scheduled and ascertained; not only do we know what the country can do, but we have started the country to the doing of those things, and in every workshop and factory practically in these United States where formerly only private business and the ministering to private needs were known, there is now something going through which is tributary to the national need, and all business—you know it from your contact with it at home—in the United States now has acquired a bias in favor of our national strength in this emer-

THAT task has in large part been done by business men, the men whose names I have mentioned, and those who came to their assistance and associated themselves with them in this enterprise on their call.

And now let me run over just for a moment some of the things which have been done. I deal necessarily with things in the War Department, because they are more under my eye and better known to me.

Take the army that the United States is preparing for the front. We had a little standing army in this country which was in times of peace and in the Continental United States not much larger than the polic force of the city of London. I have met many men who entertained an attitude toward it more of hopelessness than anything else. They felt that it had become a case-hardened institution, and they were rather fearful that if we were suddenly summoned into a great national military effort this Regular Army would not contain the seeds of growth and the spirit of expansion.

In the short months that have elapsed since the necessity for expansion came, however, our hillsides and valleys have become filled with soldiers. And I ask you to remember, in justice to the Regular Army, that since that began not one criticism has yet been voiced of the justice, of the modernness, of the efficiency, of these men of the Regular Army.

They have taken into their hands for training the young men of this nation; and men whave boys in the training camps got letters from those boys, every one of them making a hero of the commanding officer of his training camps, and telling that this, that, or the other general officer was the best officer in the Army. He has so appealed to the eathusiasm, to the boyish generosity of judgment, to the hero-worshiping quality, and to the sense of justice of the young men whom he was training.

FROM a peaceful nation, from a nation which for a hundred years had preferred the paths of peace, we have trained some thirty thousand or forty thousand officers. We have gathered our National Guard and Regular Army enlisted to war strength by the voluntary enlistment of our people. We have passing a selective service law, which has this to distinguish it from all other similar measures in the history of the world, that the civil authorities of the people themselves have selected from out of the body of the nation an army of over 600,000 men and tendered them to the military authorities to he trained.

So that we have an army well over a million men, under arms and in training, within these few weeks. And there was no beating of drums, there was no military man going around with the harsh mandate of an arbitrary power and touching your son on the shoulder and telling him to follow the colors. You in your homes, your civilian hoards of registration and selection, have taken the measure of the youth of the country, enrolled 10,000,000 young men and selected out of them as the first quota 600,000.

Instead of there being dissent and discord instead of there being disavor for this selective plan, if you will go to any one of the camps, you will find that they mart toward this task with a smile on their faces. They are as proud as peacocks, every one of those boys, and they are ready to meet whatever comes, to meet it with the American spirit of seeing it through and defending the honor of the country. They have, moreover, been characterized as the best raw material for an army that has ever been produced. This could not have been done if business

This could not have been done if business men had not helped. It could not have been done if everybody had not helped. I want to say to those who represent chambers of commerce in the great cities that I have

been met everywhere in Washington with the strong stimulus and support which those organizations, primarily formed for commercial purposes, have given to the execution of the plans to carry out the call of the military force of the United States. They have been constant, sympathetic and helpful.

On the business side, we have had to prepare houses for this great company of men. Sixteen cities have been built, each of which will house a population of from forty to fifty thousand persons, with all the hospital and warehouse and storage and railroad siding facilities. These things have sprung up in the desert and in remote places in this country like Jonah's gourd vine. If you were near one of them, you saw the beginning of the preparation for the great undertaking, and then on your next visit you found the thing there, an accomplished fact. The summons of the business of the country to produce the material and the labor for these great constructions was instantly answered. and they have gone forward with lightning-like rapidity. And then in Washington we have been called upon to make provision for the maintenance and clothing of these great bodies of men. It used to be that the Quartermaster's Department would in effect take its market basket on its arm and go from store to store and select whatever was needed from a rich variety of our national products. When this test came, however, the Quartermaster's Department had to go into a market which did not contain enough, all put together, to make up the necessary things for

tion. Mills that used to make one kind of thing went to making another. Things were planted which were to be harvested for the use of the Army. We had to make a new supply as well as to select many supplies. And so, centering from Washington, under the inspiration of Julius Rosenwald and those whom he had gathered around him from one end of the country to the other, the spirit got abroad that men must produce, that they must accumulate these supplies for the need

Army.

that

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in these few weeks the Army has assembled and a steady stream of supplies is beginning to come in. In a very short time every one of this great company of men will be clad fully in the uniform of his country, armed with the most modern weapons, and trained to a high state of perfection for the defense

of his country's honor.

In the meantime, it has had some serious aspects. We have had to face some problems. The expansion of the manufacturing and industrial facilities of the country necessary to meet this great test had to be arranged, and the questions of price and profit all had to be considered. At the outset there was some little disposition on the part of a few people to put an "if" or a "but" upon their ability or willingness to render industrial service. It took just a little time for men to realize that the question was production and not profit.

THUS there were some anxious moments in Washington about the relation which the government was going to sustain to business. Those moments have largely passed, and largely passed not because of the enactment called to the front.



Imagination most readily associates the searchlight with naval warfare, yet this picture is a reminder that it plays a part, and an extremely important part, in land fighting. It is used in siege operations and trench warfare, and is one of the most valuable instruments in the projection of searcoasts. In observing the movements of the enemy at slight, it is the eye of an army, and battle tactics call for its constant employment.

And so the leaders of business in this country said to their associates, "The call to us is the same as it is to those young men in arms. This is a country of popular government. It is not going to be popular to make money during this war while other men are losing their lives."

Therefore, I can give business men this reassurance, that not because of any hostile action on the part of the government, not because of the passage of laws ad infinitum antagonistic to the interests of business, there has spring up aniong our business men the desire to sacrifice and an unwillingness to allow men to lay down their lives while they are busy about individual, selfish things.

Perhaps I can sum up in two or three memors what business can do. The world has given itself over for three years to an orgy of destructive waste. There is but one answer to the destruction which has gone on in the wealth of the world, and that is the production of new wealth. Therefore the primary function of business is to produce.

IN the meantime we must remember that there is a point beyond which we cannot go in production. When a man devotes himself to production to such an extent that he wears out his brain, he makes an unconomical use of his talents. When business devotestell to production to such an extent that it wears out the nervous systems and the lives of men, women and children, it makes an uneconomical use of its opportunities.

Business, therefore, in devoting itself to this prime function of production, must see to it that the hours of labor, the wages of labor, the conditions of occupation, are such that when this war is over and the United States enters into that friendly rivalry and competition for the trade of the world which is certain to characterize the conclusion of the war, we shall not be a devitalized people.

Business must see to it that the younger generation will have conserved its nervous and physical strength, and that the men and women of industry and trade and commerce

shall be alive and strong and virile and vigorous. The temptation is sometimes very strong to work an extra half hour or an extra hour, to take children who are a little under age, to neglect in the hurry of production some of the safeguards and some of the surrounding conditions which make the life of the worker wholesome. Let us remember, not simply because it is humanitarian, moral and ethical, but also because it is patriotic—bet us remember that we ought not in our business and industrial activities to allow the sacrifice of even "one of the least of these."

I have attempted to describe the splendidspirit with which American business and industry have responded to the call. I have suggested the spirit and attitude which I

think ought to characterize business in the contest as it goes on—one of determination to share the sacrifice, one of determination to produce, one of determination to preserve our national vitality in the processes of production.

May I say a word about the cost? As I walked on the hoardwalk today I heard the roar of the waters as I had heard it before. I suppose one of the reasons people come to Atlantic City is that it makes them feel their kinship to the world. As you walk up and down the boardwalk in ordinary times, these waves roll in, and you feel that they bring you messages from the other side. Imagination pictures these waves as carriers of connecree and trade, and as bringing messages of

international fellowship and peace.

Many a time we have walked up and down and thought how sweet is the murmur of the waters that come from the other side and tell us of the kinship of nations. But this morning it seemed to me there were other chords and other strains to be discerned in the murmur of the waters. As I walked I thought I could hear the voices of children in the sea who were being sunk, crying for their mothers to rescue them from an adversary that has forsiken mercy and utterly lost all sense of human compassion. I thought these waves were telling us of a despotic and arrogant adversary etting up for itself a mission higher than God's mission. After all, the Ruler of the Universe does not live in Berlin. The civiliza-tion of people, the rights of people, large and small, the principles of liberty and freedom. the equality of opportunity about which poets have sung and philosophers have written. are not corrigible to the discipline of Berlin.

I thought these waters were telling of bombsfropped from the air, of attacks upon neutral rights, our rights, of the lives of the innocent and unoffending smuffed out in deference to a mad territorial ambition. And as I heard those sounds mingling in the waters, I could not help thinking how close we are to Philadelphia, where the doctrine of political liberty was cradled, the place, then in the woodalmost, where men first dared to proclaim the capacity of mankind to govern itself, where the doctrines of potentates and princes and the interests of classes were thrown overboard and men first proclaimed and defined the mission of just simple human beings.

AS I thought of Philadelphia in 1776. I had grown. Russia a democracy, struggling and some times halting and stumbling, but struggling up all the time toward freedom for her great people. France a democracy, England a democracy. All over the world this doctrine which our ancestors set up in 1776 has taken root and flowered and is bearing fruit. Then, of course, the answer to what the wild wave were saving was easy.

It you discern in the murmur of the waters the cry from France and Russia and England, "You talk of liberty—Liberty is in danger now!"—if that he the cry, then the waves will start here and hand on their shores will carry to them this message:

"Yes, ye free peoples of Europe, children of American spirit, baptized with our idea freedom, the waves have brought us your cry. Let them carry to you our answer. We are marching, millions strong; our soldiers, our business, our industries—all we have is pledged to this the great struggle which you have been bearing."

When that message goes to them, will it not, in the language of the President. 'make the world safe for democracy:' and, by showing our enormous capacity to get together, concentrating the efforts of our life into a strong exertion of our national torce, demonstrate to the world that there is no longer any need for czars or emperors or classes or oligarchies or autocracies, but that democracy is safe for the world.

THE history of mankind is written only in great periods. No man can safely write now what the turbulence of the human spiri at this beginning of the twentieth century really means. We are too close to-day to have an analysing view. But if there be anything certain from the lessons of history, this seems to be certain—that a hundred year-from now, when in the providence of Cod, a better way of settling national disputes than war will have been evolved; when, in the providence of Cod, the children of men on earth live under the light of just conditions surrounded by an atmosphere of inspiring and ennobling love for one another—when that time comes, this age will be looked back to as one of the epoch-making periods of the progress of mankind—an age of progress from huttal and savage conditions into the conditions which it must please our Heavenly Father to have us live.

It will be written that in 1776 the doctrinof human freedom and liberty was first asserted in a practical way and vindicated by the people of the United States. It will be written that in 1914, 1915, 1916 and 1917, the children brought up in that spirit reached the full maturity of unconquerable manhood when that last struggle between democracy and autocracy took place—democracy then being triumphantly vindicated. When history writes that story, it will give

When history writes that story, it will give place, great place, to our warriors, those clearseed boys who talk about going to France todie with joy, because they have eaught the meaning that it has. History will give place to them, and it will give great place to businessand to industry. It will couple the rifle and the smokestack; it will say that America put forth ad her strength, and therefore won the victory.



Business Charts Its Course

In a Great War Convention It Dedicates Itself to the Gigantic Task of Making the World a Fit Place to Live In

By J. WAINWRIGHT EVANS

ISTORY will say of the part played by American business in this war America put forth all her strength—and therefore won the victory." Those are the concluding words of the speech of Secretary of War Newton D. Baker before the great War Couvention of American Business in Adlantic City last month.

Long decades after those words of Secretary Baker have been made good by American soldiers and American sailors, by the forces of American labor, and by American business and professional men, the day will come when the men who heard them delivered with all the clear, resonant enunciation and deliberate force that a great personality could put into them, will remember the thrill of it, and the wildly applauding crowd that cheered the speaker from the platform to the door; and will say to their children and their children's children. "I was there!"

To every man his message and his vision. Others may have found in other things uttered at the great convention by far-seeing leaders in political thought and business enterprise a depth and clarity of meaning equally great; but to me no other single utterance seemed more packed with meaning, and more perfectly no sum up all that the convention meant and will mean than those words.

The 3,000 men who heard them were leaders in every branch of industry, commerce and inance. Among them were the highest officers of practically every great corporation in the United States; as well as delegates from 900 trade and commercial organizations. They had met for the purpose of bringing about the coordination of business and government at every point for an effective prosecution of the war and the insurance of stable commercial and industrial conditions within the country during the war. Among them were cabinet officers, members of the Council of National Defense, and other government officials in whose hands rests the actual conduct of the war.

The men who heard those words represented the greatest usable amount of economic power in the United States. They were there for the express purpose of seeing to it that America, with the tremendous lever of her economic resources, shall in fact put forth all her strength; and they can and will see to it that she does put it forth. What was here decreed, business will do.—The words of the Secretary of War stated that momentous fact, and clarified the issue.

It would be an easy thing merely to review the proceedings—to echo in little the substance of what was said and done. The newspapers told as much of that as could well be told in any restricted space. They gave the facts, the important facts: but they nevertheless lailed to convey to the man who was not there anything more than a shadowy impression of the flaming idealism that made this convention—this gathering of "dollar worshippers", "copper kings", "coal barons", "steel kings", and the like—the first thing of its kind.

W E asked Mr. Evans, who has been a frequent contributor to our columns while a member of the faculties of the Universities of Kansas and Wisconsin, to attend the War Convention of American Business at Atlantic City and tell our readers what he heard, saw, and felt. This is what he wrote.—The Editor.

and set a milestone on the pathof civilization.

There was an almost religious fervor about
it. All it needed, it seemed, was a pipe organ

or a bugle, or a file and drum, or what you
will, to set it to singing "Onward Christian
Soldiers"; and if "religion" isn't the word to
describe it with I fail to find anything else in
the threatures in the least adequate.

the thesaurus in the least adequate.
"Christianity," thundered Secretary Lane,
"is not a set of dogmas; it is a commercial
system."—That isn't really what the Secretary said. I have misquoted him, or rather partly quoted him, for the sake of the epigram. which was made to him by a Japanese states-man in explanation of his assertion to Mr. Lane that Japan is becoming Christianized. The Secretary added that like all epigrams his one contains a large measure of truth, But I will go further, though I hold to much that is dogmatic in Christianity, and say that if anyone cares to take that epigram as telling more about the Convention than does the conclusion of Secretary Baker's speech, I'll be glad to move over and give him half the seat. It means just what all competent economists mean when they say that an ap-plication of the Christian ethic in business relations and in business activities would constitute a perfect economic system.-which is one of those self-evident facts that are disputed by none but the worshippers of the Blond Beast.

WHAT Secretary Lane said about this was not sermonizing; it was not "impractical idealism "-whatever that is; it was not mush; and it was not the crackling or thorns under a pot, as Job characterized the preachments of his friends. There was nothing flighty about the two-fisted man who said it, nor about the giants of the business world who heard it. The man who said it wore a number seventeen collar, and was built to match, in-cluding his voice. Turn to his speech and read it; and you will see that he struck the ethical key-note of the meeting more clearly perhaps than any other speaker. And when you read the others you will see how consistently and earnestly and sincerely that note was maintained from the first day of the convention to the last. It gave the whole occasion an elevation of tone that redeemed the promise made at the annual meeting of the Chamber of Commerce of the United States in February, 1916. It was a thing indescrib-able in words; a thing which one had to be there to feel. The atmosphere seemed

charged with it. A man whose duties prevented him from hearing all but a few of the speeches said to me, "I didn't need to hear the speeches to catch the spirit of this thing. All I have to do is to watch these mtn and talk to them when they come my way, and breathe the same air with them. I've known business men all my life; but this is a new one on me."

There wasn't a man there who had not long known with his head the fact that the only basis for efficient business is a sense of justice and good faith. But to know a thing with the head is not enough. What these men had come to realize was that unless we can devise an efficient business organization throughout the nation, this war is lost. The grade of business ethics called for by such a requirement as that is obvious; and the hearts of these men responded to that call along with their brains. The record of the whole convention contains no word or act that does not demonstrate their complete realization of what "an efficient business organization" requires before it can be "efficient" in fact.

THE same note of intensely practical ideal-ism was struck in the prayer with which Bishop Thomas F. Gailor of Tennessee opened the convention. Bishop Gailor was a member of the Resolutions Committee: and, in his role as a business man, was possibly able to pray for business men with even more than ordinary episcopal authority. It wasn't just an ordinary prayer. At any rate, I saw a reporter trying to catch it with flying pencil as it fell from the Bishop's lips. It was a noble petition, nobly phrased; and when it presently merged into the Lord's Prayer, and that whole great convention joined in, I think those who had been repeating it from childhood suddenly felt the grip of it, and knew that that wasn't just an ordinary prayer either. It wasn't lip-service; it was worship, God was surely there in the midst of them. And there was not a man present who did not feed spiritually on the nobility of his mission as long as that convention lasted, and afterward. They found out for themselves, in that and in other high experience, that Secretary Lane was right; and that in a very fundamental sense Christianity may well be called a commercial system.

My reasons for dwelling on all this and for calling it religious are not sentimental. I emphasize it because there isn't a more powerful driving force in the human heart than the kind of thing I have been describing. Mere intellectual conviction could never have driven that body of business men to respond to the call of the nation as they did in this convention. It is easy to call it patriotism; but the point is that it was an appeal for action on grounds of right and wrong—not primarily for America but for the whole human race. If there was any one thing that marked the convention it was the absence of patriotism as patriotism. Nobody waved the flag or indulged in spread-capleism of any sort. It was

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as it is being done by the military men in this

as it is being done by the military men in this grand country of ours.

Some months before America went into the war, the activity of the European Allies as purchasers in our markets, the diversion of our industry from its ordinary and accustomed channels into war industries, and a number of other circumstances growing out of the war, warned Congress that a careful survey of the business of the country was a necessary element of our strength. So there was passed a law providing for the Council of National Defense.

Upon that council were placed six Cabinet officers, and to it was added the Advisory Commission of the Council of National Defense, composed of seven civilians. I have not the least doubt that the name of every one of those seven is perfectly known to every business man, and yet I want the satisfaction of calling that roll of honor by name:

Daniel Willard, president of the Baltimore & Ohio Railroad: Howard Coffin, Bernard Baruch, Franklin Martin, Samuel Gompers, Hollis Godfrey, and Julius Roseawald.

THEY came to Washington from great private concerns, many of them men who had done, as it seemed, at least in large part, their task in active business in this country, and they threw themselves with a whole-hearted enthusiasm and devotion into the coordination of the industrial resources of this country in a way that I think no other volunteer commission of seven citizens in a great republic has sever done up to this hour.

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The task was not simple, either in construction or execution. For a hundred years here in America we had pursued the ideal of strong individualism, in our personal and economic, our social and business relations. There was a certain distrust on the part of business of government, and any inquiry or activity on the part of government directed toward business, either an individual business or business as a whole was looked upon with usersicion.

ness, either an individual business or business as whole, was looked upon with suspicion if not with dread by business.

These seven men by virtue of their commanding positions in the business world, by virtue of the clarity of their vision and the fineness of their activity and purpose, instantly summoned all the business of America to group itself around the Council of National Defense.

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In a very little while, from all over this country, there began to assemble in Washington groups of men representing particular lines of trade or commerce or industry. When they got there, they took fire with the spirit and the patriotism and loyalty and largeness of the vision of these gentlemen whose names I have called; and in an incredibly short space of time the business of America was aligned on the side of government.

And then we went into the war, and instantly there began to pour into Washington from every part of the United States literally tens of thousands of requests and offers from men everywhere. They wrote to me, I am sure, by hundreds of thousands, and the story was a common one. Their letters might have been cast in the same mold: "Mr. Secretary, what can I do for my country?"

Men old in years, men of middle age and wouth; men willing to desert the business of which they were the head and lay their fortunes before the government; young men who were just striking out into life and had their future before them—all were willing to desert their personal concerns and take the most obserue appointments in connection with covernment service, in order that there might be a complete aggregation of the strength and spirit of the United States in Washington and

about the great enterprise upon which the government had embarked.

These hundreds of thousands—and I use the figures with the understanding that they are literally used—these hundreds of thousands of offers of individuals were supplemented by men who came to offer their business—"Take our factory; take our lacifities; take our business, and so of a common invitation that was extended to us in Washington. And some men, many men, were not content to write, but they came to Washington and sought personal interviews with us through their friends who knew us personally—not to get from us some selfish advantage, but to make us understand in Washington how genuine was their desire to serve and how perfectly unselfish their willingness to accept an insignificant seeming place if in fact the opportunity of service inhered in it.

It was tremendously inspiring, but for a while it seemed condusing. Nobody could sit in the center of a great nation like this, of one hundred and ten million people, and settle the personal problem. It is practically impossible. And in Washington we began to accumulate great lists or piles of letters from people whom we could call upon if the occasion arose. Our letters in reply must have seemed formal, to the effect that "When we find the place to use you, you will be invited to come." I have no doubt that throughout the country in many places men whose hearts burned with enthusiasm felt a sense of chill and rebuff when they got from Washington. There was an elevation about life. I think, in those days which I find myself wholly unable to describe. Each day as I came to my office and saw messengers with arms loaded with letters—and I knew the contents of every one of them—I could feel that all over this great continental expanse people were filled with desire to serve the country, and that that democracy which the Persident wanted to be made safe for the world was safe in America at least. Now let us turn from the picture of apparently inextricable confusion to what has been done. Only a few

parently inextricable confusion to what has been done. Only a few short months have elapsed, yet the understanding between business and government has been worked out. Where once there was confusion, due to the multitude of the generous people, there is now order.

multitude of the generous people, there is now order.

In Washington, the Advisory Council of the Council of National Defense and the War Industries Board also summoned great men out of business to the voluntary aid of the government, men like Judge Lovett and Frank Scott of Cleveland.

All of those agencies have now ordered business so that not only is the capacity of the country scheduled and ascertained; not only do we know what the country can do, but we have started the country to the doing of those things, and in every workshop and factory practically in these United States where formerly only private business and the ministering to private needs were known, there is now something going through which is tributary to the national need, and all business—you know it from your contact with it at home—in the United States now has acquired a bias in favor of our national strength in this emergency.

THAT task has in large part been done by business men, the men whose names 1 have mentioned, and those who came to their assistance and associated themselves with them in this enterprise on their call.

And now let me run over just for a moment some of the things which have been done. I deal necessarily with things in the War Department, because they are more under my eye and better known to me.

Take the army that the United States is preparing for the front. We had a little standing army in this country which was in times of peace and in the Continental United States not much larger than the police force of the city of London. I have met many men who entertained an attitude toward it more of hopelessness than anything else. They felt that it had become a case-hardened institution, and they were rather fearful that if we were suddenly summoned into a great national military effort this Regular Army would not contain the seeds of growth and the spirit of expansion.

In the short months that have elapsed sing the necessity for expansion came, however, our hillsides and valleys have become filled with soldiers. And I ask you to remember, in justice to the Regular Army, that since that began not one criticism has yet been voiced of the justice, of the modernness, of the efficiency, of these men of the Regular Army. They have taken into their hands for training the young men of this nation; and men who have boys in the training camps got letters from those boys, every one of them making a hero of the commanding officer of his training camps, and telling that this, that, or the other general officer was the best officer in the Army. He has so appealed to the enthusiasm, to the boysh generosity of judgment, to the hero-worshiping quality, and to the sense of justice of the young men whom he was training.

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RROM a peaceful nation, from a nation which for a hundred years had preferred the paths of peace, we have trained some thirty thousand or forty thousand officers. We have gathered our National Guard and Regular Army enlisted to war strength by the voluntary enlistment of our people. We have passed a selective service law, which has this to distinguish it from all other similar measures in the history of the world, that the civil authorities of the people themselves have selected from out of the body of the nation an army of over 600,000 men and tendered them to the military authorities to be trained.

So that we have an army well over a million men, under arms and in training, within these few weeks. And there was no beating of drums, there was no military man going around with the harsh mandate of an arbitrary power and touching your son on the shoulder and telling him to follow the colors. You in your homes, your civilian boards of registration and selection, have taken the measure of the youth of the country, enrolled 10,000,000 young men and selected wo of them as the first quota 600,000.

Instead of there being dissent and discordinstead of there being dissent and defending the change you will find that they march toward this task with a smile on their faces. They are as proud as peacocks, every one of those boys, and they are ready to meet whatever comes, to meet it with the American spirit of seeing it through and defending the honor of the country. They have, moreover, been characterized as the best raw material for an army that has ever been produced.

This could not have been done if business men had not helped. It could not have been done if verybody had not helped. I want to say to those who represent chambers of commerce in the great cities that I have

been met everywhere in Washington with the strong stimulus and support which those organizations, primarily formed for commercial purposes, have given to the execution of the plans to carry out the call of the military force of the United States. They have been constant, sympathetic and helpful. On the business side, we have had to prepare houses for this great company of men. Sixteen citieshave been built, each of which will house a population of from forty to fifty thousand persons, with all' the hospital and warehouse and storage and railroad siding facilities. These things have sprung up in the desert and in remote places in this country like Jonah's gourd vine. If you were near one of them, you saw the beginning of the preparation for the great undertaking, and then on your next visit you tound the thing there, an accomplished fact. The summons of the business of the country to produce the material and the labor for those great constructions was instantly answered, and they have gone forward with lightning-like rapidity. And then in Washington we have been called upon to make provision for the maintenance and clothing of these great bodies of men. It used to be that the Quartermaster's Department would in effect take its market basket on its arm and go from store to store and select whatever was needed from a rich variety of our national products. When this test came, however, the Quartermaster's Department had to go into a market which did not contain enough, all put together, to make up the necessary things for the subsistence of this great force.

tion. Mills that used to make one kind of thing went to making another. Things were planted which were to be harvested for the use of the Army. We had to make a new supply as well as to select many supplies. And so, centering from Washington, under the inspiration of Julius Rosenwald and those whom he had gathered around him from one end of the country to the other, the spirit got abroad that men must produce, that they must accumulate these supplies for the need of the Army.



in these few weeks the Army has assembled and a steady stream of supplies is beginning to come in. In a very short time every one of this great company of men will be clad fully in the uniform of his country, armed with the most modern weapons, and trained to a high state of perfection for the defense of his country's honor.

In the meantime, it has had some serious aspects. We have had to face some problems. The expansion of the manufacturing and industrial facilities of the country necessary to meet this great test had to be arranged, and the questions of price and profit all had to be considered. At the outset there was some little disposition on the part of a few people to put an "if" or a "but" upon their ability or willingness to render industrial service. It took just a little time for men to realize that the question was production and not profit.

THUS there were some anxious moments in Washington about the relation which the government was going to sustain to business. Those moments have largely passed, and largely passed not because of the enactment of taws, helpful as that has been, but because of the leadership of the great men of industry and commerce in this country among their fellows. They instantly took the tone that American business must be as patriotic and as unselfish as the American youths who were called to the front.

They at once adopted the analogy that when the government calls men to lay down their lives they do not say, "I will if"—or "I will but." A man does not make terms, he goes.



Imagination most readily associates the searchlight with naval warfare, yet this picture is a reminder that it plays a part, and an extremely important part, in land fighling. It is used in stege operations and trench warfare, and is one of the most valuable instruments in the protection of seacoasts. In observing the movements of the enemy at night, it is the eye of an army, and battle tactics call for its constant employments.

THE NATION'S BUSINESS

And so the leaders of business in this country said to their associates, "The call to us is the same as it is to these young men in arms. This is a country of popular government. It is not going to be popular to make money during this war while other men are losing their lives."

Therefore, I can give business men this reassurance, that no because of any hostile action on the part of the government, not because of the passage of laws ad infinitum antagonistic to the interests of business, there has sprung up among our business men the desire to sucritice and an unwillingness to allow men to lay down their lives while they are husyalout individual, selfish things.

Terhaps I can sum up in two or three sentences what business can do. The world has given itself over for three years to an org)

sentences what business can do. The world has given itself over for three years to an orgy of destructive waste. There is but one answer to the destruction which has gone on in the wealth of the world, and that is the production of new wealth. Therefore the primary function of husiness is to produce.

In the meantime we must remember that there is a point beyond which we cannot go in production. When a man devotes himself to production to such an extent that he wears out his brain, he makes an uneconomical use of his talents. When business devotes itself to production to such an extent that it wears out the nervous systems and the hisses.

itself to production to such an extent that it wears out the nervous systems and the livesoff men, women and children, it makes an uneconomical use of its opportunities.

Business, therefore, in devoting itself to this prime function of production, must see to it that the hours of labor, the wages of labor, the conditions of occupation, are such that when this war is over and the United States enters into that friendly rivalry and competition for the trade of the world which is certain to characterize the conclusion of the war, we shall not be a devitalized people. Business must see to it that the younger generation will have conserved its nervous and physical strength, and that the men and women of industry and trade and commerce

n of industry and trade and commerce shall be alive and strong and virile and vigorous. The temptation is sometimes very strong to work an extra hold hour or an extra hour, to take children who are a little under age, to neglect in the hurry of production some of the safeguards and some of the surrounding conditions which make the life of the worker whole even had become a few and some of the surrounding conditions which make the life of the worker whole even had become a few and the safe and rouditions which make the life of the worker wholesome. Let us remember, not simply because it is bumanitarian, moral and ethical, but also because it is patriotic—let us remember that we ought not in our business and industrial activities to allow the sacrifice of even "one of the least of these."

I have attempted to describe the splendid spirit with which American business and industry have responded to the call. I have suggested the spirit and attitude which I

think ought to characterize business in the

think ought to characterize business in the contest as it goes on—one of determination to share the sacrifice, one of determination to produce, one of determination to produce, one of determination to produce, one of determination to produce one.

May I say a word about the cost? As I walked on the boardwalk today I heard the roar of the waters as I had heard it before. I suppose one of the reasons people come to Atlantic City is that it makes them feel their kinship to the world. As you walk up and down the boardwalk in ordinary times, these waves roll in, and you feel that they bring you messages from the other side. Imagination pictures these waves as carriers of commerce and trade, and as bringing messages of international fellowship and peace.

Many a time we have walked up and down and though how sweet is the murmur of the waters that come from the other side and tell us of the kinship of nations. But this morning it seemed to me there were other chords and other strains to be diegored in the summers.

and thought how sweet is the murmur of the waters that come from the other side and tell us of the kinship of nations. But this morning it seemed to me there were other chords and other strains to be discerned in the murmur of the waters. As I walked I thought I could hear the voices of children in the sea who were being sunk, crying for their mothers to rescue them from an adversary that has for-saken mercy and utterly lost all sense of human compassion. I thought these waves were telling us of a despotic and arrogant adversary setting up for itself a mission higher than God's mission. After all, the Ruler of the I niverse does not live in Berlin. The civilization of people, the rights of people, large and small, the principles of liberty and freedom, the equality of opportunity about which poets have sung and philosophers have written, are not corrigible to the discipline of Berlin. I thought these waters were telling of bombs dropped from the air, of attacks upon neutral rights, our rights, of the lives of the innocent and unoflending snuffed out in deference to a mud territorial ambified on the lives of the innocent and unoflending snuffed on the discipline of Berlin. On help thinking how close we are to Philadelphia, where the doctrine of political liberty was cradled, the place, then in the wood almost, where men first dared to proclaim the capacity of mankind to govern itself, where the doctrines of potentates and princes and

capacity of mankind to govern itself, where the doctrines of potentates and princes and the interests of classes were thrown over-board and men first proclaimed and defined the mission of just simple human beings.

AS I thought of Philadelphia in 1776. I was cheered to feel how that doctrine had grown. Russia a democracy, struggling and some times halling and stumbling, but struggling up all the time toward freedom for her great people. France a democracy, England a democracy. All over the world this doctrine which our ancestors set up in 1776 has taken root and flowered and is hearing fruit. Then, of course, the answer to what the wild waves were saying was easy.

Il you discern in the murmur of the waters the cry from France and Russia and England, "You talk of liberty—Liberty is in danger now!"—if that be the cry, then the waves which start here and land on their shores will carry to them this message:

"Yes, ye free peoples of Europe, children of American spirit, baptized with our idea of freedon, the waves have brought us your cry. Let them carry to you our answer. We are wardling will one strong our skilling skilling strong our skilling skill

Let them carry to you our answer. We are marching, millions strong; our soldiers, our business, our industries—all we have is pledged to this the great struggle which you have been beautiful.

pledged to this the great struggle which you have been bearing."

When that message goes to them, will it not, in the language of the President, "make the world safe for democracy;" and, by showing our enormous capacity to get together, concentrating the efforts of our life into a strong exertion of our national torce, demonstrate to the world that there is no longer any need for czars or emperors or classes or oligarchies or autocracies, but that democracy is safe for the world?

THE history of mankind is written only in great periods. No man can safely writenow what the turbulence of the human spirit at this beginning of the twentieth century really means. We are too close to-day to have an analysing view. But if there be anything certain from the lessons of history, this seems to be certain—that a hundred years from now, when in the providence of God, as better way of settling national disputes than war will have been evolved; when, in the providence of God, the children of men on earth live under the light of just conditions, surrounded by an atmosphere of inspiring and ennobling love for one another—when that time comes, this age will be looked back to as one of the epoch-making periods of the progress of mankind—an age of progress from brutal and savage conditions into the conditions which it must please our Heavenly Father to have us live.

It will be written that in 1776 the doctrinof human freedom and liberty was first asserted in a practical way and vindicated by the people of the United States. It will be

of human freedom and liberty was first asserted in a practical way and vindicated by the people of the United States. It will be written that in 1914, 1915, 1916 and 1917, the children brought up in that spirit reached the full maturity of unconquerable manhood when that last struggle between democracy and autocracy took place—democracy then being triumphantly vindicated.

When history writes that story, it will giveplace, great place, to our warriors, those clearly depended by which will give place to the will give place to them, and it will give great place to them, and it will give great place to business and to industry. It will couple the rifle and the smokestack; it will say that America put forthall her strength, and therefore won the victory.

Остовея, 1917

THE NATION'S BUSINESS

Business Charts Its Course

In a Great War Convention It Dedicates Itself to the Gigantic Task of Making the World a Fit Place to Live In

By J. WAINWRIGHT EVANS

ISTORY will say of the part played by American business in this war 'America put forth all her strength—and therefore won the victory.' Thuse are the concluding words of the speech of Secretary of War Newton D. Baker before the great War Convention of American Business in Atlantic City last month.

Long decades after those words of Secretary laker have been made good by American soldiers and American sulfors, by the forces of American labor, and by American business and professional men, the day will come when the men who heard them delivered with all the clear, resonant enunciation and deliberate

somers and American stators, by the forces of American labor, and by American business and professional men, the day will come when the men who heard them edivered with all the clear, resonant enunciation and deliberate force that a great personality could put into them, will temember the thrill of it, and the wildly applauding crowd that cheered the speaker from the platform to the door; and will say to their children and their children's children, "I was there!"

To every man his message and his vision. Others may have found in other things uttered at the great convention by far-seeing leaders in political thought and business enterprise a depth and clarity of meaning equally great; but to me no other single utterance seemed more packed with meaning, and more perfectly to sum up all that the convention meant and will mean than those words.

The 3,000 men who heard them were leaders in every branch of industry, commerce and hiance. Among them were the highest officers of practically every great corporation in the United States; as well as delegates from 900 trade and commercial organizations. They had met for the purpose of bringing about the coordination of husiness and government at every point for an effective prosecution of the war and the insurance of stable commercial and industrial conditions within the country during the war. Among them were cabinet officers, members of the Council of National Defense, and other government officials in whose hands rests the actual conduct of the war.

The men who heard those words represented the greatest usable amount of economic power in the United States. They were there for the express purpose of seeing to it that America, with the tremendous lever of her economic resources, shall in fact put forth all lear strength; and they can and will see to it that she does put it forth. What was here electreed, business will do.—The words of the Secretary of War stated that momentous fact, and clarified the issue.

It would be an easy thing merely to review the proceedings—to

W E asked Mr. Evans, who has been a frequent contributor to our columns while a member of the faculties of the Universities of Kansas and Wisconsin, to attend the War Convention of American Business at Atlantic City and tell our readers what he heard, saw, and felt. This is what he wrote.—The Editor.

and set a milestone on the path of civilization.

There was an almost religious ferror about it. All it needed, it seemed, was a pipe organ—or a bugle, or a file and drum, or what you will, to set it to singing "Ooward Christian Soldiers"; and if "religion" isn't the word to describe it with I fail to find anything else in the thesaurus in the least adequate.

"Christianity," thundered Secretary Laue. "Sen of a set of dogmas; it is a commercial system."—That isn't really what the Secretary said. I have misquoted him, or rather partly quoted him, for the sake of the epigram, which was made to him by a Japansee statesman in explanation of his assertion to Mr. Laue that Japan is becoming Christianized. The Secretary added that like all epigrams this one contains a large measure of truth. But I will go further, though I hold to much that is dogmatic in Christianity, and say that if anyone cares to take that epigram as telling more about the Convention than does the conclusion of Secretary Baker's speech, I'll be glad to move over and give him half the seat. It means just what all competent be glad to move over and give him half the seat. It means just what all competent economists mean when they say that an ap-plication of the Christian ethic in business natation on the Christian ethic in business relations and in business activities would constitute a perfect economic system—which is one of those self-evident facts that are disputed by none but the worshippers of the Blond Beast.

WHAT Secretary Lane said about this was not sermonizing; it was not "impractical idealism"—whatever that is; it was not mush; and it was not the crackling of thorns under a pot, as Job characterized the preachments of his friends. There was nothing flightly about the two-fisted man who said it, nor about the giants of the business world who heard it. The man who said it wore a number seventeen collar, and was built to match, including his voice. Turn to his speech and read it; and you will see that he struck the ethical key-note of the meeting more clearly perhaps than any other speaker. And when your read the others you will see how consistently and earnestly and sincerely that note was maintained from the first day of the convention to the last. It gave the whole occasion an elevation of tone that redeemed the promise made at the annual meeting of WHAT Secretary Lane said about this was occasion an elevation of tone that redeemed the promise made at the annual meeting of the Chamber of Commerce of the United States in February, 1916. It was a thing indescrib-able in words; a thing which one had to be there to feel. The atmosphere seemed

charged with it. A man whose duties pre-vented him from hearing all but a few of the speeches said to me, "I didn't need to hear the speeches to catch the spirit of this thing. All I have to do is to watch these man and talk to them when they come my way, and breathe the same air with them. I've known business men all my life; but this is a new one on me."

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THE same note of intensely practical idealism was struck in the prayer with which Bishop Thomas F. Gailor of Tennessee opened the convention. Bishop Gailor was a member of the Resolutions Committee; and, in his role as a business man, was possibly able to pray for business men with even more than ordinary episcopal authority. It wasn't just an ordinary prayer. At any rate, I saw a reporter trying to catch it with flying pencil as it fell from the Bishop's lips. It was a noble petition, nobly phrased; and when it presently merged into the Lord's Prayer, and that whole great convention joined in, I think those who had been repeating it from childhood suddenly felt the grip of it, and knew that that wasn't just an ordinary prayer either. It wasn't flipservice; it was worship. God was surely there in the midst of them. And there was not a man present who did not feed spiritually on the nobibility of his mission as long as that convention lasted, and afterward. They found out for themselves, in that and in other high experience, that Secretary Lane was right; and that in a very fundamental sense Christianity may well be called a commercial system.

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But Congress has oodles of it. How I wish the generally done by referendum. It gives valid to generally done by referendum.

for all the world—to the end that the will of God might prevail. And if that isn't the most fundamental sort of religion, I don't know what is

Here, then, is an emotional base that goes right down into the roots of things. Someone has said somewhere that the hardest thing for a foe to face is a regiment of swearing, sinning, praying, weeping, singing Scotch-Presbyterian Calvinists—or words more or less to that effect. If there is anything in that, then, for easily seen, and quite analogous reasons, this war convention was the sort of fighting body than can never know defeat. Every word it uttered—every resolution it passed—bore a double freight of meaning and an unalterable intent.

"It has been said for three long years," said Secretary Lane, "that the United States has no soul above the making of money. You

business men have come here from every section of the country, by your presence to answer that sneer-to have made

Modern war is fought with two lines of trenches. Of these the first is held with bullet and barbed wire by the mith bullet and barbed wire by the plies to that fighting man the things he must fight with—rifle, ammunition, a steel helmet for his head, habit for his back, shoes for his feet, and three square meals a day for the inside of him. These square meals a day for the inside of him. There with bare hands—Here are the commanders of the First and Second Lines. The big man on the right is Major General Hugh L. Scott the big man on the left is Newton D. Baker. Secretary of War.

money; but now we are going to make war."

But, after all, these things are the surface play of emotion, valuable only because of what they lead to and what may be inferred from them. They must take their interest and their authenticity from the facts—from the actions and the deeds they result in—from the documents in the case; and they must, their turn, light up and interpret and explain those documents and facts. The Declaration of Independence would be a document of comparatively slight interest to a man who knew nothing of the emotional furnace and the-forge of circumstance that produced it. And, conversely, those great days of the Revolution take on a part of their unspeakable interest for us from the fact that they did produce that great fighting document.

It would be a long way from the point to class the fighting document produced by this

Convention with the Declaration of Independence; and I don't mean to do anything so ridiculous; for the two-are fundamentally different. But the illustration nevertheless holds goodfor there can be no doubt that posterity is going to put enormous value on the document which explains this War Convention and is explained by it. It consists of a set of twenty-four.

resolutions that for sheer radicalism have never been approached by the pronouncements of any body of business men in history. They actually passed them: and whether Congress shall act on them in whole or in part, or not at all, the per-

manent effect of them on industry and commerce and the whole economic fabric of this country for all time to come is bound to be very great indeed. Those resolutions will be found complete in another part for this magazine. Any man who permits himself to read them there with a merely perlunctory Sinterest, or with anything other than the concentration of a student of great) matters, is missing his step. There would be no purpose in repeating them here, but the first is so extraordinary that I present it in full, as interpreting the fair intent and purpose of all the others. It was adopted unanimously; and was the next day pronounced by the New York Times "to be the most remarkable resolution ever passed by an assemblage of business Here it is:

"The people of the United States, in defense of the Republic and the principles upon which this nation was founded, are now taking their part in the world war with no lust for power and no

with no lust for power and no thought of financial gain. "The issues at stake in this

stupendous struggle involve the moral ideals and conception of justice and liberty for which our forelathers fought, the protection of the innocent and helpless, the sanctity of womanhood and home, freedom of opportunity for all men and the assurance of the safety of civilization and progress to all nations great and small.

"Speed of production and the mobilization of all our national power mean the saving of human life, an earlier ending of the designs of autocracy

and militarism and the return to the peoples of earth of peace and happiness.

"Undismayed at the prospect of great taxes, facing the consumption of its accumulated savings, American business without hesitation pledges our government its full and unqualified support in the prosecution of the war until Prussianism is utterly destroyed.

Prussianism is utterly destroyed.

"Assembled on the call of the Chamber of Commerce of the United States and representing more than half a million business men and every industry in every state in the union, this convention promises to our people that business will do all in its power to prevent waste of men and material and will dedicate to the nation every facility it has developed and every financial resource it commands on such terms and under such circumstances as our government shall determine to be just."

THAT sets the pace. The other twentythree kept it up. Read them and see. Here, for instance, is a summary of the most important of them, taken from the New York Times. It touches the high spots and I find myself unable to improve on it:

"In the name of American business the delegates of the war convention which has been in session here under the auspices of the Chamber of Commerce of the United States, assured the government that it could have them, their industries, their good-will, and all the rest of their possessions on its own terms and under its own canditions.

"They declared themselves in favor of price fixing by the government not only for its own needs, but for those of the public, and for government control of distribution to suit its understanding of the nation's needs.

"They promise no disturbance of labor conditions on their part during the critical period of war time and ask only for the cooperation of labor to declare a truce in industrial conflicts until the war is over, with government arbitration of any disputes the might pair.

labor to declare a truce in industrial conflicts until the war is over, with government arbitration of any disputes that might arise. "The proposal which had been made on the floor of the convention that the government be asked to fix the price of labor also was disapproved by the Resolutions Committee with the eventual agreement of its postponenient; and in its place the committee merely asked that in dealings on a cost production basis the manifecturer be allowed to present evidence to the government authority in support of any claim that the cost of production had so altered as to make it advisable for him to ask a higher price for his product.

for his product.

"They urged also that the Government organize its industrial-military side so that a single central purchasing board should handle all war

Stop to think what those policies mean. Consider how utterly impossible it would have been to get any body of business leaders to subscribe to them in bulk even a year ago. Doesn't it whet your appetite for more? Whether they shock you or please you, or both, isn't the point. There they are—to be reckoned with.

Here is the substance of the rest of them. The summary will give a birdseye view of the whole of the business drive on Germany. For brevity's sake I skim the cream:

The Convention endorsed the WebbPomerene Bill authorizing combinations of
Americans for export trade, so that business
may prepare for foreign competition after the
wor. It recommended that the Shipping
Board be given power to suspend for the duration of the war the law which keeps foreign
ships from participating in American coastwise trade. It passed a resolution extending
cordial greetings to Russia. It recommended
that the War Tax Bill be amended so as that
the total tax, when above a certain amount, be
payable in quarterly installments instead of
the proposed annual lump sum. It recommended "that the United States Government.
through its proper departments, take whatever action be necessary to keep at parity the

American dollar in every country in the world." It urged business men of the country to continue their efforts in behalf of the future liberty loans. It endorsed the Calder Bill for daylight saving; denounced profiteering "by producer, distributer, laborer, or manufacturer," recommended improvement of roads; approved of universal military training as a paramount measure of national defense; urged that efforts be made to persuade resident aliens "to take their stand upon an equality with our citizens for the detense of the United States by making application for dizenship papers"; commended the work of the Federal Employ-

ment Service of the Department of Labor; urged a vast and immediate increase in the number of American ships, and appealed for the cooperation of railroad employees in getting as much as possible out of available railroad facilities; and urged every constituent body of the Chamber to call all its members before November 1 to spread the lessons which had been learned by the convention.

Resolutions recommended to the Board of Directors of the Chamber, with power to act, provided for the appointment of a committee of seven to cooperate with the Commissioner of Internal Revenue on regulations for the war taxes and to study their effect, and that in view of the fact that "the present days of full employment of labor must sometime give way to a period of depression, and the of unemployment and underemployment-eat into the very roots of social health," the Chamber study the problem of employment and advise its members what steps they and the city, state, and federal govern-

ment might take or be prepared to take against the next industrial depression.

"So, Uncle, there you are!"—as Hamlet said to the Kaiser, after writing him up in his tablets.

I came across one humorist at the Convention who found great delectation in speculating on what would have happened if that War Convention had been Congress. The mere idea of it made him lick his chops.

There were a hundred other resolutions," he argued; "some of them hummers, that never got by that Resolutions Committee. I guess they didn't have time for everything.

But Congress has oodles of it. How I wish we'd been Congress! Now I had a nice little resolution that-

But I fled. Too much was being done to make it worth while to speculate on what might have been done.

When these expressions of the opinions, wishes, and convictions of American business wishes, and convictions of American dualities are called "resolutions," the word is not to be taken in its ordinary connotation. Most resolutions die a peaceful death soon after they have served the purpose of allowing somebody to blow off steam. But in this case there was a whistle attached to the contrivance

generally done by referendum. It gives valid results. It gives to Congress information about the opinions of business men which Congress wants, and which it finds invaluable. and which it can get from no other source with any certainty that the information is correct, unbiased, and transmitted intact. The information the Chamber gives to

Congress therefore, has never been open to the charge of taking sides or of holding a brief for anybody or anything or any measure. That is why the advices of the Chamber have never failed to have great influence on the decisions of Congress. And that is why the effect of

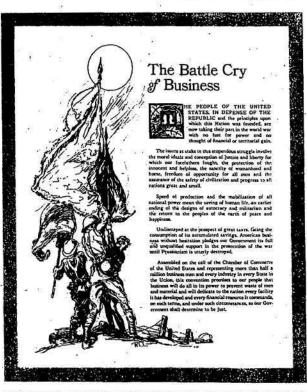
these resolutions toward a bold and fearless organization of our national life is bound to be very great—and very dif-ferent, too, from anything that the word "resolutions" by it-self would imply.

The man who most clearly and incisively stated to the Convention the facts and conditions that are making necessary extreme measures toward government control of industry. and which render it needful that business submit willingly to such control during the period of the war. was Waddill Catchings, Chairman of the Chamber's Committee on Cooperation with the Council of Mr. Catchings' conrange. In substance he said to the Conconclusion now may later save thousands precious days. we say that it cannot

National Defense. clusions were the re-sult of months of study of the whole question at close vention, "A definite of lives and many you say that the purchasing by the government on these terms of 19 billion dollars worth of commodities is an interference with business. that if there be interference with business it must be orderly in-

be otherwise; and terference instead of chaos. If you say that the laws of trade must be supreme, we answer that in war there are no laws of trade. If you object that the machinery of government is to be used for this purpose, we answer that this is a temporary expedient to meet conditions that can be met in no other way. Mr. Catching's full presentation of the issue will be found elsewhere in this number of THE NATION'S BUSINESS.

But important as the resolutions are, and great as will be their probable effect on Congress, the capital fact about the Convention is after all its educational value. Secretary Lane said two things (Continued on page 18)



This is the resolution adopted unanimously by leaders of American business at the War Convention last month. The report in the conservative New York Times referred to it as "one of the most remarkable resolutions ever passed by an assemblage of business men." The reproduction shown above is from a wail card, sorts inches, in colors. The Nation's Business is sending it out to subscribers according to an announcement set forth on page 80.

and Congress didn't have to put its hand to

its ear to listen; and there were a lot of men

from Washington who thought it worth while

and influence of the Chamber of Commerce of

the United States that it has never yet lent

itself to propaganda uses. Its function, so far as its relations with the government are

concerned, has been to record the votes of its

members on various issues, and then present

that vote to the government as authentically

representing what the business men of the

country want and what they think. This is

It has always been one source of the strength

to be there-right on the spot.



Our Single-Track Mind --

SHE period after the war gets little consideration from us just now. Even a measure like the Webb-Pomerene bill. certified by the Federal Trade Commission, to allow under adequate safeguard a degree of cooperation in our export trade that was highly desirable before August 4, 1914. has progressed to the point of being technically the Senate's unfinished business, only to strike hard aground.

Perhaps the rest of the world differs from us in psychology. Possibly we have a "one-track" mind, and have to finish off one job with complete satisfaction before we can concentrate our energies on another. Besides, we may be accomplishing

some feats without being conscious of them.

-And the Double-Track of Our Neighbors

OWEVER that may be, the rest of the world seems able to do at once at least two things. It can speed its men onward in battle and at the same time can energetically and publicly discuss the future without dulling in the slightest degree the keen edge of its fighting abilities.

Italy, Japan, and France are taking thought of the morrow. The commercial protagonists, -England and Germany, -have

never lost sight of it.

Current news from Germany is meager. Such as it is, it is unmistakable. The government will limit importations and drive exports to a maximum; no other policy can rehabilitate German exchanges. In August a new ministry was created, to see to this and all other questions of external commerce, a ministry of economics. The title may smack of pedagogy. but it covers a definite purpose. To put German commerce on the seas, the Reichstag is now passing a bill under which the government will shoulder the difference between pre-war and current costs of building steamers. Without waiting for legislation, Germans are placing orders with Dutch builders tor new ships. All this preparation may be futile, but in its way it is real enough.

England's latest discussion runs to overseas transportation. It is in a report issued in August by a committee representing the Shipping Chamber of the United Kingdom and the Liverpool Steamship Owners' Association. In its numbered paragraphs,-in form and in directness of language the report s worthy of a fighting marine that knows the seven seas,-it sets out reasoned policies to go into a creed for British ship-

Victory in the war as the first essential to a successful trade policy after the war is, as a matter of course, entered as the sine qua non. In the terms of peace, restitution of a ton in ships for every ton destroyed by submarines will not suffice; there must be more; the whole of the destruction must be

made good, so far as the enemy's resources suffice.

The ruling principle of England's trade policy after the war should be maintenance for each individual British citizen of the fullest possible opportunities for the exercise of his energies and enterprise in the markets of the world, subject only to such restrictions as national safety requires. Where necessary, the state should render financial help to open up new foreign markets. Investment of capital in shipping should be encouraged. Bunkering stations should be increased throughout

the world. Every effort should be made to create conditions which will develop the British merchant marine.

These are only a few of forty-odd recommendations which have followed a year's deliberations on the part of a committee well versed in the knowledge of the commerce that goes in ships,

Finding the Answer to "What Does It Cost?"

ME cost of production did not cease to be a subject for governmental inquiry when some prices of coal, coke, iron, steel, and copper were announced. In fact, as to all of these articles inquiries will continue, with a degree of vigor depending upon circumstances. So far as the prices announced depend upon agreements they are expressly subject to future revision. In the case of steel, at least, announcement of prices for further products is expected. According to one prediction prices may be set for as many as 150 different kinds of steel products.

Besides, the Federal Trade Commission is at work upon

costs for a number of additional articles. Among them are fuel oil, gasoline, aluminum, zinc, lead, lumber, cement, packing-house products, flour, canned goods, and cold storage.

The cost of production bids fair to find a place in our current affairs quite as prominent as the place it used to hold in tariff discussions.

Work, the Elder Brother of War

ORK and war come pretty near to being synonymous. They certainly are complementary. This is no new condition of affairs, either. It is many a long day since a soldier was sufficient unto himself. The Duke of Wellington declared that the thing of first importance to a soldier is a pair of shoes, the thing of second importance another pair of shoes, and the thing of third importance a pair of half soles. According to such military philosophy,-and it was approved by the action of our government in selecting shoes as one of the supplies it first sought after declaring war, -our shoe factories and the industries that supply their materials are in the first line of defense.

The making of shoes is but one variety of work into which the country must put the whole strength of its back chief of the Army's ordnance department has said he will let contracts this year for a total that is near three billion dollars. In other words, this one bureau will purchase work,the strain of muscle, the quick, delicate touch of expertness, and the skill of executive direction,-in amounts three times as large as the whole federal government required in the rather recent days when it felt rather proud of being a "billion-

dollar" affair.

BECAUSE of the fickleness of prices dollars are none too accurate as measures of work. Cans of food packed in a year may serve better; in that event, the United States was a four-billion-can nation in 1915, and in 1917, when all the returns are in, it is likely to prove a seven-billion-can country. Such figures represent some of the real work already done toward success in war.

A million and a half is theonly official estimate yet made of



the number of additional persons who in the immediate future have to be placed at work in government offices and in the

plants of basic industries essential for war. If the average wage is the same as the present average in the State of New York, the earnings of these men will be a billion and a half dollars a year.

THE necessity of work is getting legislative recognition. West Virginia has declared it the duty of every able-bodied male resident within its borders, and between 16 and 60 years of age, to be habitually and profitably employed during the war, and undertakes to have the sheriff see that this duty is fulfilled. In June Maryland followed suite, and requires every man to show good cause if he is not at work; he has to show a card which bears a more intimate and detailed analysis of his personal affairs than a certificate of exemption from military service. Kansas puts in jail people who do not quickly find "visible means of support." New Hampshire will not tolerate during war persons who influence workers to leave their employment. Minnesota and Idaho have given attention to sabotage and the like.

All in all, while our fighting forces are doing their duty the virtue of work is to be inculcated. As industrious people, we are going to redouble our devotion to productive toil, and according to the ancient adage we all know this bodes well for

our next generation.

The American-Master of Industrial Form

TECHNIQUE, the "knowing how" of the French, has helped us along in the world. It was not wholly an accident that the chemical engineer who superintended erection of the great works England built after war began for manufacture of war chemicals was an American. These works are said to cover twenty-seven square miles. Such an item of war industry, and this is only one, was not among the calculations of the enemy's high command.

Our technique has recently had ample opportunity for display. Construction of cantonments and camps on such a scale that the cost runs over \$125,000,000,—and doing it from the making of plans to the welcoming of "rookie" tenants in a matter of five months,—called forth some of the skill we had at command. One constructor erected a cantonment building, twenty-four feet by one hundred fifty, in one hour and thirty minutes of elapsed time. The size of the whole construction job,—in the event the cost in dollars does not signify to figure-jaded minds,—may be measured in cars of lumber. Over thirty-four thousand cars were required. Assembly of such a quantity of material from our natural resources involved no mean amount of technique.

Into the transportation of supplies in such volume the railroads put some technique of their own. This has been only a part of their achievement. With fittle increase in the facilities at command, they are apparently supplying around fifty per cent more service in moving freight than in 1915. In getting such a result they have had

cooperation from shippers, and shippers possess a deal of technique in transportation matters, as has been attested in more than one encounter before the Interstate Commerce Commission. Besides, the railroads and the shippers between them have added a bit to their accomplishment by bringing a technical "shortage" of 148,000 cars on May 1 down to 31,000 on September 1.

KNOWING HOW" does not stop with chemical engineering, lumber manufacturers, railroading, and construction engineering. It distinguishes every part of our industry. It has led to our success in organization of production on large scale. Whatever the haste, materials are selected with minute care according to chemical analysis. All the arts of engineering are utilized to provide new processes. For every new process there is a triumph in creation of machines to perform it. When a plant delivers at its doors the out-pouring products of its organization of machines and men a technique of distribution takes them up and speeds them on their way to destinations that would surprise machine hands and packers.

The integration of men, materials, and machines is our forte. Never before have we had such an opportunity as to-day to show what we can do in these directions, by the technique which is almost a part of our birthright. In war as in peace, no "divine right" can equal it, for it conserves man power which is the most precious possession of nations and more and more presents machines to the bruint of battle.

When a Phrase Has Wings

PHRASE-MAKING has its perils and its successes. The greatness of the present armed struggle has called forth so many phrases that before long we are pretty sure to have a compilation with learned explanations in foot notes.

Phrases are forceful things. Some of them, struck out in a moment of high emotion, fly from mouth to mouth, and cause a whole people to thrill with courage. Others, flung out in arrogance by an individual, are boomerangs and raise a volume of contempt that weeks of embittered oratory could not arouse. A phrase,—a word or two that invoke the whole emotional strength of a race,—may yet win the war.

"Eh Bien! La Fayette, Nous Voici!"

SPEAKING of phrases, when General Pershing visited La Fayette's tomb recently, a large number of Frenchmen gathered to see and hear the American commander. Pershing had not planned to speak. But after three generations the French dramatic spirit asserted itself, and joining hands with Western matter-of-factness, caused the General to utter this tremendously simple oration, "Well, La Fayette, here we are!" No wonder men and women sobbed aloud. And if we may be allowed a harmless prophecy, General Pershing has made a phrase that will go down with those school-history sayings of Grant, Farragut, Dewey and John Paul Jones.



Those Billions the Now, While We Have the Money, Is the Time To Begin Paying Railroads Need Transportation Rates That Will Enable Them To Do the Nation's Work

By HARRY A. WHEELER Vice-President, Union Trust Co., Chicago

ERHAPS it is a very trite thing to say that business and transportation con stitute the blood and the arteries of the economic world. Trite things sometimes have to be said over and over again, and in the resettition they lose no force. My argument to-day will emphasize the fact that now as never before the interdependence of these two great factors in the world's economic life should be mutually recognized. Generous provision should be made for the sufficiency and efficiency of transportation facilities to keep pace with our business development, and that revenue required to assure such facilities

should be made the special interest of business acting affirmatively rather than negatively whenever the subject of increased revenue

Business and transportation have not always lived together in harmony, Transportation has deserved its condemnation. Business has been no less guilty. Transportation has put over many things on business which business resented most forcefully. Business likewise has been just as ungenerous to transportation, and the old attitude of buyer and seller, that infinite and everlasting conflict which seems to go on between these two classes, has occasioned business to resent, to oppose, and to defeat oftentimes the obtaining of those things which transportation must needs have in order that it might furnish effective service for the people of this country.

The day that Europe was thrust into the war, the curtain in this theatre of the world's affairs began to fall. We saw plainly that our childish antagonism to the forces that had made us a great nation must give way to an

The day that Congress declared a state of war to exist between the United States and Germany, the curtain had shut out the past. The old days were gone, and we felt the assurance that there would never be a return to the conditions that existed before this war

When the curtain rises again, the scene will be entirely new. The past will be a memory and the new life which the world is going to build for itself will be built out of the vision that looks into the future and that has no eye nor regret for the things that have passed away.

that exists in the field of transportation is a situation full of hope instead of despair, for there will be coming out of this condition of war, and of the emergencies

> better understanding between business and transportation. It is hoped

hat we hall find ransportaion willing to 'counsel with business upon needed changes in rate rather than arbitrarily trying to cram these increasesdown the throat of business, and, on the

other hand, shall find business willing to serious ly study the requirements of transportation and admit the necessity of a heavier tax, not only for improved service, but because of the un-usual emergencies which now exist.

I presume the reason why I was assigned this subject was that the Chamber has a committee on railroad affairs with which I have been working since early in 1916.

From February to September of that year. under the Chamber's instructions, the committee grappled at close range with the threats of the railroad brotherhoods, tried to secure an impartial inquiry into the merits of their demands, opposed the legislation that lastened a heavy and unjust burden upon the railroads, and went down to defeat with the railroads when the Adamson Law was finally passed.

I JNDISMAYED, the committee then began its study again. What were the next steps that must be taken in order to provide sale and assured transportation for the commerce of this country? We found in our search for the answer the questions which are before the Chamber in Referendum No. 21, which deals with needed federal regulation and control.

Now, in all of our national development of commercial enterprise, we come inevitably to a point where the very bigness and power of the enterprises make coordination with other factors necessary and compel the adoption of such regulatory measures as will place the control or regulation in one or a few hands.

The early railroad corporations were creatures of the state wherein they operated and their mileage was small and the area of service limited. As time passed, these intra-state lines were joined together in traffic regulations with smaller lines operating in other states, and thus the great trunk lines wen-established which to-day extend their main lines and branches into all parts of the nation.

Three traffic arrangements and the resulting concentrated control and ownership were but a natural evolution in our national development, but it is not a natural conclusion, in the massing of independent lines and the building of great trunk lines to span the continent passing through many states, that these should remain always under the jurisdiction of many commissions and subject to many state laws, often so conflicting as to make it utterly impossible to secure efficient operation or adequate and uniform equipment.

We are bringing to business in Referendum No. 21 the question of whether the time has not arrived for a concentration of authority and power and control that shall eliminate conflicting conditions, and, far from being opposed by those who operate our transportation systems, be cheerfully accepted by them as their only salvation.

The committee concluded that as a primary essential to the successful operation of the railroad companies of the future, Congress should be encouraged to pass a general railroad incorporation law, under which all railroad carriers subject to the jurisdiction of interstate commerce may organize.

It is not likely that there will be any argument that Congress does not possess the power,



and it will be observed that the language of the recommendation made by the committee is carefully selected to cover, not only the creation of railroad corporations, but the nationalizing of corporations already existing

under state charters.

The necessity for such action is obvious when it is considered that as a consequence of modern conditions probably four-fifths of the activities of our great interstate railroads are dominated by a power (State Commissions) different from that which imparted life to them and holds domination over the conditions of their continued existence. Such a conflict of jurisdiction between the states themselves, and between the state and federal control, can only result in confusion, inconsistency, useless expense, waste of energy, and reduced efficiency of physical means at hand. There is an apprehension on the part of investors, capital is frightened at the multiplicity of control, and injured credit results in recontrol, and injured credit results in re-duced ability to augment physical equipment necessary to keep abreast of the expanding volume of business.

Federal incorporation as proposed by the committee does not contemplate interference with the powers of the states to tax the physical property at the same rates as applied to all taxable property in the respective states, neither does it contemplate that Congress would attempt to withdraw from the states the power to make reasonable police regulations. Some of the powers now exercised by the state commissions would necessarily be transferred to the Interstate Commerce Commission, but the usefulness of the state commissions in the regulations of thousands of local public utilities would be undiminished by the climination of evils resulting at present from the joint control of operations by both state and

federal governments.

T may be said there are many arguments against federal incorporation. Let us admit that this is so. There are arguments against anything that might be proposed of a constructive nature, and what American business should do is to try and find in these days not why we should not do things, but how we should constructively do them.

The committee was convinced from its study that not alone was federal incorporation of railroads desirable, but that such incorporation should be not permissive but mandatory, and that all railroad carriers doing an interstate business, both those now existing and those hereafter to be created, should be required to organize under this law.

American business is deeply interested in another recommendation of the Railroad Committee of the Chamber, namely, that there should be federal regulation of the issuance of

railroad securities.

Let us admit that there has been much illegitimate juggling of railroad stocks and bonds in the past. That, with a multitude of bonds in the past. That, with a multitude of other abuses, now lies behind the curtain that has been permanently drawn between past and future, and it is for us to look out into the years that are ahead and inquire where the railroads are going to get the money with which to rebuild their equipment and to in-crease their track facilities and their terminals to an extent that will be capable of meeting the requirements of the future.

Yesterday we were told of the billions of dollars that it would be necessary for us to use in the conduct of the war. Amounts that sounded very large to us a few years ago are now commonly spoken of as though easily obtainable. Granted that the lunds for the conduct of the war have a first claim upon every fortune, we must not forget that here

within our own country we have these great facilities for transportation upon which we must absolutely depend for our future de-velopment, and which in the past, and even to-day, are not able to maintain their

lines in operation?upon the highest degree of efficiency, to say nothing of those which, through inability to make operating expenses, have been forced into the hands of receivers, bringing serious loss upon hundreds of thousands of stockholders scattered over the entire

IT is said that Mr. James J. Hill before his death estimated that it would require a billion dollars a vear for ten years to develop transportation facilities in keeping with the development of our industrial and commercial. activities. Later other estimates were made increasing this amount, but no one has given the

money is coming from. Railroad facilities must be maintained during the progress of the war, and so maintained that we shall not be confronted with a decrepit and broken-down transportation system when with the resumption of peace

we shall find it necessary to engage again in world competition.

We ought to be deeply concerned as to what will happen with our transportation facilities if the war continues for another year. I recall the appeal that has been made by the Russian Ambassador that we should aid them to restore some measure of efficiency on Russian and Siberian railways. We know the great requisitions that are coming out of England and France to-day with respect to equipment necessary to make their operations in the war zone more flexible. We have heard how Germany, with all her efficiency, has not been able to maintain the flexibility of her own transportation systems, and it has been hinted that if she had the choice of a few hundred locomotives and a few thousand cars, or of a new supply of food, she would never hesitate about accepting the former and thus restoring her ability to move troops from front to front with the flexibility of 1914 which has been largely lost and which is proving a serious menace in the conduct of the war.

Yet that situation that exists in Europe today is rapidly approaching here. We are encouraging the heavier loading of our present equipment in order to move the commodities that are offered for transportation. We are not replacing our equipment to the extent of the nominal depreciation which has always been figured in pre-war years. Motive power is steadily going down, cars are becoming older and endangering the movements of all of our commerce, for since the chain is only as strong as the weakest link, so the train is only as strong as its weakest car, and poor equipment means loss of efficiency, delays in transportation, perhaps a serious effect upon our own ability to provide our Allies promptly with munitions and supplies, and certainly a dark day for the period when the war is over and

we have to use our broken down machinery for the transport of the nation's commerce.

Railroad credit must be restored, and a patriotic duty the people must willing to buy railroad securities as



they are ready to buy the securities of our government for war purposes. Interstate transportation companies controlled by innumerable state jurisdictions and by a supervision of the issuance of securities neither uniform nor thorough cannot invite the investment of private capital into railroad securities. Federal regulation offers, at least, the assurance that the regulation can be more wisely done under the jurisdiction of the Interstate Commerce Commission than under the commissions of the several states. Federal supervision over the financial operations of the carriers can be enforced and will be the first step toward restoring railroad securities to public favor. The committee is convinced that this can and should be done without disturbing outstanding securities, and that the time has come

when such federal supervision must be undertaken or the lunds to restore many must be furnished by a means that would almost become the equivalent of government ownership.

Then again, the committee is convinced that there must be an assurance of a stable rate. uniform throughout the country and not controlled by the state jurisdictions within which the roads operate, and that where there is a rate part intrastate and part interstate, and they come into conflict with each other, there shall be no question of the power of the Interstate Commerce Commission to control the intrastate rate and make an absolutely uniform rate throughout the country.

HAVE neither the time nor the disposition to argue this point, for it is clear through decisions of the Supreme Court in the Minnesota and the Shreveport cases that Congress has the power and should at once exercise it by giving to the Interstate Commerce Commission that control over the rate which will make it possible to see that intrastate rates that effect the transportation of commodities in interstate commerce shall not confound and conflict and make complex the transport of our commodities across our own land.

Looking down the pathway of the future, the Railroad Committee of the Chamber believes the welfare of the country is closely bound in three proposals which I have briefly touched upon, and I might suggest a fourth that bears particularly upon the restoration of railroad credit.

Railroad credit must be based upon earning power, and earning power can come only with ample revenues. Uniform rates are an essential. Uniform conditions of operation may never be. That rate which would be ample for the transport of commodities on the rich and prosperous road would spell bankruptcy to the weaker road whose territory has not yet been developed. Rates sufficient to permit proper development and return upon capital of the weaker road would obviously provide the rich road with a larger earning power than might be justified, but if you expect your transportation facilities to grow and the service to be efficient, there must be an adjustment of these conditions so as to permit rates to be charged sufficient to maintain in operation the road whose territory is under development but which to-day cannot command a volume of business sufficient to assure operating expenses, development of physical property, and reasonable profit to those who have invested their money.

face it? It is better to pay the price now when conditions are highly prosperous, when traffic is abundant, and profits are ample, than to wait until reverse conditions have come and when the operation of our transportation facilities will be increasingly difficult because we have not been generous enough to allow them a revenue sufficient to make possible the maintenance of their facilities.

WOULD ask of members of the Chamber serious consideration of Referendum No. 21, and that they vote their best judgment upon it. Think through the problems there suggested with an eye to the future; and if you do not wish to apply sentiment to favoring the conditions that will restore and maintain our railroad facilities, take selfishness as the basis of your action, for inevitable loss will come to the commerce of this country unless we make possible the development of these invaluable agencies in our national life.

Now, may I suggest something quite apart from the railroad situation, and a thing in which the Chamber of Commerce of the United States, as a national organization, cannot particularly interest itself.

Those emergency conditions that exist with respect to transportation by steam involving great increases in costs of equipment and of operation, also exist with respect to the utilities in your respective states and cities,your local transportation, lighting, telephones, and all of those things that add so much to the comfort of living. With rates fixed by ordinance, and with a tendency to decrease these rates instead of increase them, how is efficiency to be maintained when costs are mounting and revenues are stationary or decreasing?

Our public utilities are not in a comfortable position. We must give their needs

a bit of considera-tion? Oftentime:

there are reasons why these companies may feel disinclined to make public the difficulties under which they are proceeding. They are your comforts and conveniences and necessary to your business. We might do well to exercise such influence over ordinance and legislation as will give them the right to live efficiently and to maintain their properties efficiently until the war is over and there can be a readjustment of general conditions.

AND now may I drop transportation and business and touch upon another subject for just a moment.

I sat at the War Convention and listened to the praise that was given to business men be-cause of their loyalty and patriotism and generosity, and I felt a glow of satisfaction as a result of the unstituted praise that was bestowed. We all took that praise to ourselves with a great deal of self-assurance, but I am sure that some of us were trading upon other men's performances. Most of us are patriotic and public-spirited so long as nothing that is done interferes directly with established precedents and customs and with things that we are in the habit of doing. It is quite another story, however, when the iron is laid upon our souls and the hand goes deeply into our pockets, and when those precedents which we have cherished in our business through the years are touched and overthrown by the new conditions that exist.

Is business patriotic? Yes,-but not all business. The patriotism of business exemplified by business men, and yet there is a marked difference between individual and corporate patriotism. We have some splendid examples of men who have given and are giving the last ounce of their effort for their country. In this they are returning to that intensity of application which gave them their start in life and laid the foundations for their success. Have they any hope of re-ward? No. They are doing their work only for the satisfaction of rendering a service to the country that enabled them to climb the ladder of success until they had acquired a competence and reached a place of rest, and now these men in response to the call have gone down the ladder again and into the turmoil and the struggle and the doing under orders because it is their delight to serve the land that gave them opportunity.

But all business is not patriotic. All busi-

ness has not unselfishly offered its service to the government and said, "Take what I have and use it to uphold the principles for which the nation is fighting

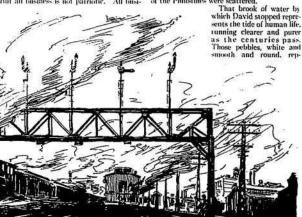
I have in these last few weeks, in trying to render some assistance to Mr. Hoover in Illinois, come in contact with business of all grades and classes engaged in the production and distribution of food products. Everywhere I have found the protestation of unreserved loyalty upon the lip, but often a disposition to less enthusiasm when the call to service required a sacrifice from the business. or from the man.

IP service deceives neither the people nor the government. Until the principles that underlie this war are more precious than the precedents which we have established in the conduct of our business, we shall never be right with our government.

There is one thing that should come out of the War Convention of American Business in this time of the nation's greatest emergency. It should be that we business men resolve to so order our lives and our daily activities as to impress upon those coming within the sphere of our influence that there is but one thing in life worth living for, and that is victory in the great enterprise in which this nation is engaged.

The Secretary of the Interior pointed us back in his speech to Caesar's time in furnishing an illustration of the inevitable downfall of autocracy. My mind ran involuntarily back to years before Caesar, to the story of David and Goliath.

You remember Goliath was with the host of the Philistines and he taunted Israel daily that they had no one who could withstand him. Blatant, braggart, cruel, autocratic, was this leader of a people who were bent on conquest and the subjugation of a race that was struggling for freedom and the right to live under God's laws of humanity instead of under the iron law of brute strength. What happened? The spirit of the Philistines always invitedisaster. A shepherd boy came forth out of the host of Israel, his armor a stout heart, his weapon a sling shot. At the brook which separated the two armies he reached down and gathered a few smooth, white, round pebbles, put them in the sling, and the hand of the Almighty guided their course so that autocracy was overthrown and the hostof the Philistines were scattered.



resent the principles for which we are fighting to-day,—equal rights, universal brotherhood, humanitarian aspirations, and a new civilization. Under a just God there can be no question of the outcome of this conflict, Principles such as we are fighting for are the principles toward which all peoples have struggled and which alone will live throughout the ages, while the false principles dominating our enemy are the principles which must go dwen into explaciting destruction.

down into everlasting destruction.

A few weeks ago a little dinner was given when the Forty-seventh Highlanders were on a recruiting mission in Chicago for the Canadian and British armies. There was a tendency on the part of some of our citizens present at the dinner to somewhat criticise the slowness with which the United States had taken part in this conflict. At the close of the dinner there arose an officer who had just come back from the trenches, and with the directness and simplicity of expression not uncommon with the soldier, he said, "We could not offer a criticism that the United States had not come sooner into this conflict. We do not know but that infinite wisdom withheld you until this present psychological moment, but now that you have come, we are confident of the result.
You may be a little slow in getting your
torces across to us, but we will hold that line
until you come and win". It would have been very easy for Col. Murray to have said. "We will hold that line until you come and help us win", but he did not. The spirit that pervades the Eastern and Western fronts of Europe to-day is that they will hold the line until the United States comes and wins. Does that not put a responsibility upon you and me? No such burden was ever laid upon

a people, and no such opportunity ever given to a people, as that which we have in our grasp. It is ours to carry forward a great ideal and to make that ideal the property of all the world. This ideal was dreamed of by our fathers and became the cornerstone of the republic. In entering the war we are supporting a great principle and a great alliance which for three years has been giving its all to establish human liberty and a democracy that shall be worldwide. It is not for us to look on from above and see the conflict proceeding any longer. We are to get down underneath the load, to bear the force of the giant blows that are directed against us, to make our sacrifices, to experience our heartaches, to endure whatever of desolation may be our lot,—only so shall we be able to look into the faces of our forbears and say out of honest hearts, "We also have shouldered the burden; we also have carried the battle to the last trench; we, through the ideals which you implanted in our blood, have been able to vercome the norms."

Wendell Phillip Stafford, in a little poem which I saw in one of the New York papers a few weeks ago, furnishes me with my closing word. His poem was entitled "The Uprising", and a part of it runs like this:

"We are coming, We are coming, Ye that torture child and womans, Ye that give to death the guiltless, Ye that shuffle truth and treason. We are coming, We are coming, And the tender skies upbraid us Till we sweep ye in the furnace of the hell that ye bave made us, Of the some of the coming, We are coming."

America's Financial Shock Absorber

Hardly Four Years Old, Our Banking System Has Stood the Stress of War Better than Europe's Century-Old Institutions.

E were not as unprepared for war as we sometimes try to make ourselves believe," declared P. W. Goebel, President of the American Bankers' Association, in opening the group meeting on banking and finance under war conditions at the War Convention of American Business.

"The banking system, the financial system, was better prepared than we could possibly have hoped for four years ago; better prepared, I believe, than that of any other nation in the world. And that in spite of the fact that the system under which we are working is hardly four years old. I believe it has accomplished greater results than the financial systems of Europe, which have been in operation for a century or more.

"We have not been compelled to declare a moratorium. We have gone into financial operations that staggered the world, and that with scarcely a ripple in out financial system. Does that indicate that we were unprepared?"

"How can the commercial banking institutions of the country perform in the most efficient manner the services which they must perform in this war and still avoid the great danger which confronts them?" asked Prof. W. A. Scott, of the University of Wisconsin.

"The danger of using commercial credit machinery for investment purposes is suspension of specie payments in war time, with the evils which that brings about. Under a condition of suspended specie payments, the raising of prices never ends. But a greater evil is the fact that fluctuations of prices are violent and unreasoning. They take place

in accordance with the whims and the fears, the suspicions and the feelings, and the fallacies of men.

"Ordinary business calculations are impossible. Every business man is perforce made a speculator, and, when you turn a nation of business men into speculators, you undermine their commercial and industrial virtues. The evils of a condition of suspended specie payments cannot possibly be exaggerated."

L EWIS E. PIERSON, Chairman of the Board, Irving National Bank, New York, delivered an address on trade acceptances which is reported more fully on another page of this magazine. In the discussion following, Dr. J. T. Holdsworth, Dean of the School of

Economics, University of Pittsburgh, said:

"I have had the consciousness in the few hours that I have been at this convention, and from reading the reports of yesterday's proceedings, that this is the first convention in American history that has begun to think internationally instead of in terms of the country crossroads store."

"The trade acceptance has now for at least two years been under review by proponents and opponents," said W. W. Orr, Assistant Secretary of the National Association of Credit Men. "So far as pure reasoning is concerned, it has won a notable victory. The general agreement is that it would be a good thing if there were a general substitution of the trade acceptance for the open account, that the substitution would serve to expedite the coming of better order in business and the

elimination of many abuses and weaknesses which the loose method of the open book account is largely responsible for."

"I am a little at variance with Dr. Holdsworth in his fears as to the objection on the part of trade acceptance with the small merchant and the retail dealer," was the opinion expressed by Edwin B. Hayes, of New, York. "After twelve months' practical experience with the acceptance, I am convinced that it is not, the buyer who is retarding its general use, but that the success or failure of this wonderful instrument of trade rests entirely with the banker and the seller."

TAXATION and bond issues were dealt with by Frank O. Watts, President of the Third National Bank, St. Louis. "Certain things," he said, "public opinion has written as forcibly as if they were upon

"Certain things," he said, "public opinion has written as forcibly as if they were upon the statute books of this country. One of these is that business as usual shall not be the motto of this country, but unusual business, business that will enable the people out of a gross income of above \$40,000,000,000 to see that by increased production and greater savings we can furnish in the business of war \$10,000,000,000.

"There are only two ways in which that enormous sum can be raised—taxation and bond issues. The only question is, how much shall be raised by taxation and how much by bond issues?

"The Senate seems to have grasped the correct principles regarding taxation. I think they are going further than business men probably would go.

"I have very little fault to find with that program; only this, that there is one class of citizens which no tax has yet reached nor has there been any serious proposal to reach them. I speak of the real capitalists of the country at the moment, the farmers."

Laurence A. Tanzer, of New York, discussed "Avoidable Dangers of the Excess Profits Tax."

"Attention should be directed especially to the proposed excess profits tax. It seems to be but little understood. This tax, as contemplated in the War Revenue Bill passed by the Senate and now in conference, is likely, if enacted, to bring about serious, if not disastrous, results to the financial condition of the country. The danger does not lie in excessively high taxation. Business is prepared to pay as high a tax as is necessary. The danger lies in a tax unfairly distributed and so laid as to threaten the crippling of the resources of the country."

FINANCIAL and commercial interests on both sides of the Atlantic should give careful study to the outlook after the war, so that the world-wide recuperation in finance and trade may proceed along practical lines and prevent strain of the credit system of the world," said John Clausen, Vice-President of the Crocker National Bank, of San Francisco, in discussing the new era of American international trade and finance.

"We have had, as the result of the war, to solve many new and complex problems. A glance at foreign exchanges demonstrates, however, that there are yet serious ones to meet. A very important issue is presented—will the, standard of value of the world in future be gold alone, or silver and gold? If the latter, what effect will such a change have on the trading power of nations?

"The London market has tried in vain to control the price of commercial bar silver, but the acute world shortage has broken all "The price has been steadily soaring to limits

unknown for many years.

The apparently sustained high levels have not yet stimulated the re-working of mines bearing low grade ore. Immediate activi-ties, however, along these lines are inevitable, because of the demand for silver coinage, especially by the nations in Europe, where gold is rapidly being withdrawn from circu-lation in order not only to increase and strengthen their holdings, but to uphold some metallic reserve as a basis for the enormous issues of currency which have been brought into circulation.

"The United States is now the largest producer of silver, with 72,833,000 ounces, 42% of the world's output. In 20 years, ending with 1916, our production increased by 14,000,000 ounces, while the appreciation in output for all other countries combined was

only a total of 1,000,000 ounces. The significant features surrounding the present state of affairs in the silver market emphasize the indisputable fact that there is every indication that world economics are being remodeled by the war, and that the finance of international trade may be destined to a proceedlong new and divergent lines."

Give the Exporter a Fighting Chance

Passage of the Webb Bill Coupled with a Rational Handling of Licenses will Solve Many Difficulties.

MONG the subjects that most seriously occupied the attention of the Convention was that of Foreign Trade in Winning the War. One of the largest of the group meetings was held for the con-sideration of this topic. Some of the speeches of that occasion are given separately in another part of the magazine. Alba A. Johnson, President of the Baldwin Locomotive Works

He opened the meeting with a short address in which he said that for the last twenty years this nation has been offering up a sacrifice on the altar of a false god-the principle of unlimited destructive competition, which has now been temporarily dethroned. The Sherman Act, he pointed out, has not stood the strain of a national crisis; and now the government itself has eliminated competition and has endeavored to fix fair prices. It is now realized that business must make a reasonable profit, and that reasonable profit can be made only by the conference of all those engaged in the business involved. Hitherto the government has been haling before its tribunals the responsible and conscientious business men of the United States, because circumstances gave them a choice between law breaking and bankruptcy. But that day seems to have passed.

Mr. Johnson urged the need of the Webb Act becoming law, to the end that our foreign competition may become national competition in foreign markets, rather than a destructive, unlimited competition of individuals.

Many of our industries, he said, have, be-cause of the war, doubled or trebled. This means one of two things, either a tremendous overhead expense which business can hardly carry, or an extension of American trade into foreign countries so that there will be an enlarged business to act as a foundation on which this inevitably enlarged overhead ex-pense can rest. On this account the need for foreign outlets for our products is going to be very great at the end of the war.

At the close of his remarks Mr. Johnson At the close of his remarks Ar. Johnson introduced Mr. E. H. Huxley of the United States Rubber Company.

Mr. Huxley made clear the point that while

exporters recognize the justice and the necessity of licensing exports for the period of the war, the system needs perfecting; and that it is at present working grave injustice to many exporters.

There can be no serious difference of opinion, he said, as to the fundamental necessity of control of exports during the war, to prevent shipments of goods that might directly or indirectly be of benefit to the enemy. But this admission places on the government the burden of exercising such control wisely, and with the least possible interference with export trade.

Many exporters who during the past three years have thought that such a thing as a licensing system would be a fatal handicap, have learned that it is possible to adjust their business and their methods to the new conditions. They have suffered some from the plan, but they have found it possible, and have borne the disadvantage cheerfully because they wanted to do their part as patriots.

This is a question for reasonable agreement between exporters and the government; and the government will itself lose if foreign trade be curtailed or destroyed. It is clearly unnecessary, for instance, that a license should not be required for every commodity or product, nor for every destination; and it seems fundamental that the government should not declare a general embargo, nor require a license for the export of every commodity to every country. On the contrary, embargo lists should be published from time to time as necessity arises.

Licenses frequently have expired before goods could be shipped, and renewals had to be applied for. This involves a less of time and consequent expense and confusion.

It would be better if licenses did not carry a definite date of expiration, but should be revocable at the will of the government. The government should declare a general policy as regards the likelihood of licenses being granted. It should also issue and keep corrected to date a list of persons or firms which are not acceptable as consignees. This would constitute a black list; and American merchants would of course refrain from even attempting to ship goods to firms on that list. Applications for licenses should be handled expeditiously, and a definite answer given to the applicant either refusing or granting the issue of a license, Delays in this respect cause much hardship and uncertainty to exporters.

Difficulty arises from the fact that there are at present many commodities that are being controlled by more than one government; so that the exporter has to obtain a license from each of the two when he makes a shipment. This is a grievous burden to the exporter, it is to the interest of all concerned that it be done away with. Exporters should be permitted to combine, as is provided in the proposed Webb Act, so that they may recover in some degree the losses which they are bound to degree the losses which they are bound to undergo from the licensing system. Reason-ableness displayed by both sides will give us a system of government license and control that will work no serious hardships, and will be effective.

Mr. Huxley was followed by Daniel Warren, Vice-President of the American Trading Company, on the subject "Pan-American Trade and the War."

Mr. Warren said that at the beginning of the war Pan-American financial and trade conditions were in an unsettled state, and that in June, 1914, there was an adverse trade balance against us in Latin America of 187 million dollars. At the time the condition became very difficult to meet; but during the last fiscal year our trade with Latin America has grown greater than ever before; and the dollar exchange is now firmly established with those countries.

A complication has arisen of late because of advanced freight rates which have resulted from the withdrawal of tonnage by England between the United States and South America for use by the English government in the importation of necessities. Our government has also commandeered many ships formerly in that trade. Exporters have taken up the matter with the Shipping Board and the Foreign Commerce Board, however, and the situation has improved in consequence of their action

ection.

Embargoes now complicate the situation.

Millions of dollars worth of merchandise,
ordered months ago and paid for and shipped
from the factories, are being held awaiting license. This matter, like the others, how-

ever, is now on the road to adjustment, One very necessary thing, if we are to develop a strong trade relationship with South America is that we standardize the goods shipped there, so that when they order a certain thing they will definitely know what they are going to get, no matter who they order it from or what port it is shipped from.

Mr. Warren concluded by saying that we must help our South American friends in every way, and above all convince them that the United States standard of commercial honor is, without reservation, the highest in the world. This is the only firm foundation for South American trade.

Keying Industry to Maximum Efficiency

Labor Will Meet Capital Half-way On a Basis of Cooperation That Is Not Looking for Profits.

HOSE who have read the address of Secretary Wilson, of the Department of Labor elsewhere in this issue will have caught something of the importance and earnestness of the group meeting on Inand earnestness of the group meeting on the dustrial Relationships at which that address was delivered. Waddill Catchings was chair-man. The leaders were Meyer Bloomfield of Boston and Henry Bruere, Vice-President of the American Metal Company, New York.

Mr. Bloomfield, who has had much to do in connection with labor matters that have come up in the shipbuilding situation, and who has recently been engaged by the Shipping Board in Washington as an adviser in labor matters, discussed briefly the problem of the shipping industry in its need for 100,000 more workers.

He first pointed out that our Allies, by an efficient handling of their difficulties, recently doubled the working force in one typical shipyard by simply making use of the public system of employment offices. He went on to show that the same results can be obtained in this country if business men will cooperate, and if the U.S. employment offices plan (Concluded on page 84)

IF BUSINESS IS TO "CARRY ON"

A Real War Board-With Business Sitting Side by Side With Government Officials, Not as Adviser, but as Partner, in Working Out Problems of Commerce and Industry—Our Pressing Need

WADDILL CATCHINGS

ME expenditures of the United States government during the coming year for war purposes-for our armies and for the Allies-will be something like \$19,000,000,000.

It is difficult to form a conception of what transactions of such magnitude mean, yet one can get some idea of the effect on business of these great purchases by keeping in mind that the entire turnover of all the subsidiaries of the over of all the subsidiaries of the United States Steel Corporation, the gross volume of their busi-ness, in 1916—the Carnegie Steel Company, the American Steel & Wire Company, the Tennessee Coal, Iron & Railroad Company, and all the rest-that the entire value

Our government, therefore, is going to lay a demand upon business which i more than 20 times the output of all the subsidiaries of the United States Steel Corporation.

of their gross turnover was \$853,000,000.

Everyone has an opporunity at home to see the effect of all this on busi ness, the effect of this withdrawal of material and labor. The interests essential to the industrial fabric are unable at the present time to secure the materials which they need. The interests which are not essential to our industrial lite are faced by the great problem of what they are going to do during these times to carry their business from the present over into the luture.

The result of competitive bidding by the government for the vast needed, and of competitive bidding by business for what is left, has been high These high prices have produced great discontent throughout the country. Our people have not viewed with unconcern the acquiring of great riches in this time of national sacrifice and distress. There are great labor difficulties arising in all sections of the country. We are undergoing experi-ences similar to those which tried England in securing an exceptional effort on the part of labor when an indirect effect of that exceptional effort was the creation of great riches.

These are problems which are developing throughout the country. They are problems not only of the purchase of supplies by the government, but the purchase of supplies in such manner as not to interfere with the essential industrial life of the nation, in such manner as not to unsettle established social and economic conditions.

When businers men are told that they

should not charge a high price for materials and supplies, it is enineffectirely

In this great democracy of ours, powers

some action is taken to create a different condition. As long as there is a great demand, so long will high prices continue. It is idle for us as business men to respond to patriotic addresses unless we carefully discuss how we can carry into-effect the ideas expressed, and make them effective.

IT is for business men to determine whether or not this country has vested in our government sufficient power in times of peace to settle these extraordinary problems which have arisen in connection with the war as a result of these vast purchases,

The effort of the government in connection

with the purchase of munitions of war is focused in the War Industries Board. It is for business men to determine whether or not this board, with the powers it has under existing statutes, can meet the situation which is developing.

> must be vested in the government before the government can act, and it is not always possible for the authori-ties in Washington to act in regard to the problems existing as might seem best to them. It is only possible for them to act in accordance with the statutory power which has been given

to them. The War Industries Board was created by the Council of National Defense. The Council of National Defense has no authority under the law to act; it is a body that was created in time of peace to investigate, report and give advice. The War Indus-tries Board has been created by that body. It can have no power which was not possessed by the body which created it. The War Industries Board is rendering great service to-day in advising gov ernment officials, in bringing centralization to government purchases, but the buying for the govern-ment to-day is being done just as it was in times of peace by the many bureaus and departments of the War Department and of the Navy Department, Independent purchases are being made to-day by the Signal Corps, the Engineer Corps, the Medical Corps, and all of the various quartermasters. The War Industries Board is doing all it

can to bring about cooperation between them, but any careful study of the situa-tion in Washington will lead, I think, to the conclusion that what they are able to accomplish, however great it may seem, is not great in comparison with the work which is to be done.

The committee of the National Chamber of Commerce in Cooperation with the Council of National Defense of which committee I am chairman, has been studying the situation in Washington for months, and we say without hesitation that our government should be given power, and that without delay, to create a war board similar to the Minister of Munitions in England.

This should be a board which would

assemble under one control the trained buyers of the various departments of the government. It should be drawn from the various competing bodies, but these government officials should be reinforced by men from civil life. Many such men are in Washington at the present time advising the government, but they should be no longer advisers. They should be in the actual service and doing actual purchasing for the government.

THE government is in contact with husiness to-day on a scale never better heard of in our country. Army and navy officers who are trained to special work and who have had some experience with special buying in the past are called upon to deal with the enormous problems. Our committee says unhesitatingly that these men should be relieved for service at the front, except such of them as are necessary to retain experience from what has been done.

Others who have needed experience should be called into the government service. Such a board would have to have power to determine prices when negotiation between buyer and seller can no longer take place because of the unprecedented demands for material. For those materials which are necessary for the national defense, and those materials which are necessary for the preservation of our essential industrial life, where negotiations between buyer and seller can no longer be had. our committee, says unhesitatingly that the government should have authority to determine price upon some fair basis. Such a body as has just been suggested should have power to determine priority, or the order of distribution.

WE cannot expect the material resources of our country, which are not squal to the entire demand, to go where they are most needed for the national defense or for the preservation of our essential industrial life by merely competitive bidding. The experience that has been acquired abroad should be made use of here. A careful examination of the work that has been done by the Ministry of Munitions in England, the manner in which priority has been determined, the man-

upon British life, the orderly manner in which business is run in Great Britain to-day, will convince anyone, upon thoughtful investigation, that such a course on our part is necessary.

THE independent investigation of the price control committee of the National Chamber of Commierce led them to the same conclusion. On that committee were important men from all sections of the country. They represented all phases of business life. They represented all phases of business life. They came to Washington without knowledge of the situation there, with probably as many different points of view as there were men on the committee. They sat down and studied the situation very carefully. They thrashed out these problems and worked together upon them for days, and they came to a unanimous conclusion. The Wall Street man and the farmer, the lawyer and the manufacturer, the distributer and the merchant, all agreed.

There should be no delay in reaching conclusions of this sort. It is a common statement in Washington that our people are not going to wake up to what is meant by the war and what it really means to bring order into business until the casualty lists begin to come in. Yet business men have an opportunity to face facts as they actually are, to study those facts and discuss them, and to reach conclusions in time to save not only money but precious lives.

THERE are answers, in the judgment of our committee, to the doubts that probably trouble many business men. If you say that the government should not interfere with business, our committee says in reply that the purchasing of \$19,000,000,000 worth of material and labor is an interference with business, and that the suggestion is not that there be no interference, but that there be orderly interference. If you say

ch ' upon the single purpose of winning the war, illalify our say that the machinery of the govis ernment should be developed, that there be used for the purposes these War and NavyDepartments, we think the answer is that these

used for the purposes these War and Navy Departments, we think the answer is that these are temporary problems. Business is asked to cive the government great power temporarily. The situation which we are asked to meet exists only during the war, and therefore a temporary structure should be created so that at the end of the war we can, as far as possible, return to normal conditions.

IF you say that the situation is too big, too complicated, that our government canhou undertake the regulation of prices or the regulation of priorities, we say that chaos exists in business to-day, and that order must be restored. If our industrial energy is to be centered behind winning the war, these problems must be solved.

We believe it is entirely appropriate for business men to discuss thee pnatters. Under our democratic system, the necessary authority and power must be conferred upon our executive officers. These are problems with which business men are familiar, if anyone is familiar with them. They know the conditions existing throughout the country. They know whether our railroad machine shops have the men whôn they need, and whether those men have been drawn to go to munition plants. They know whether the public service companies of the country are able to bid for material and supplies at the present time. They know whether labor is discontented and whether there is orderly conduct of business.

A clear illustration of the situation is furnished in Eastern Virginia where the Engineering Corps the Ordnance Department, the Medical Department, the Popartment and the Navy Department, are doing their work. Private concerns in the same neighborhood are doing work on government "cost plus" contracts, and all are working independently. All are competing with each other for labor and for material. Should American business wait for the



Officials of the Packard automobile plant thought there was something familiar about the prow of this fantastic machine. Inquiry developed the fact that Prench engineers had taken the American truck, saddled it with a small mountain of new machinery, fitted it with huge rear wheels and set it to work digging trenches for the politics.

"The Scourge of God" Germany's Business Is War, As That of An-

other Nation May Be Agriculture or Manufacturing; and Hitherto She Has Found It Capable of Paying As High As 10,000% Profit

By NEWELL DWIGHT HILLIS

Pastor Plymouth Congregational Church, Brooklyn

ITH Germany, war is a national industry. Germany's agriculture pays six per cent. Germany's manufacy six per cent. Germany's manufac-turing and finance pays eight per cent. Germany's war against Denmark, when she seized Schleswig-Holstein, paid her a thousand per cent. Her war in 1870 to grab the iron mines of Alsace and Lorraine grab the fron mines of Alsace and Lorraine paid her ten thousand per cent. Germany expected the war of 1914 to pay her twenty thousand per cent. "We have made no in-vestment like our wars," said Bernhardi. "Let Belgium found steel plants at Namur and Liege-we will loot them. Let Nancy and Rheims and Arras fill stores with rich goods-and we will grab them.

This war had its origin in a meeting held in Potsdam Palace in 1892. On that occasion the Kaiser placed in the hands of his friends a confidential document; at the head of the document were these words THE PAN-GERMAN EMPIRE. The second line read: "From Hamburg on the North Sea to the Persian Gulf." The third line was: "Our ultimate goal-by 1915-250,000,000 of people." The fourth line: "Our ultimate people. The fourth line: Out distinct goal—the Germanization of all the peoples of the world." On the opposite page is a part of the Kaiser's address: "From my childhood I have been under the influence of five men: Alexander; Julius Caesar; Charles the Fifth; Frederick the Great'; and Napoleon. All of these men dreamed their dreams of a worldempire-they failed. I have dreamed my

dream of a world-empire—I shall succeed.

On the third page was a map of the old
Roman Empire with Rome as the capital, Caesar Augustus as the war lord, and the once mighty states subdued, with Carthage and

Jerusalem, Ephesus and Athens, reduced to the level of county-seat towns. On the opposite page is the 1915-to-1925 world German map. Instead of the Roman Empire, you have the Pan-German Empire. Instead of Caesar Augustus, you have Kaiser Wilhelm II. And upon the countries once named "Russia," "Austria," "France," and "Great Britain," you have the word GERMANIA, for Petrograd, Paris and London have become county-seat

The Kaiser told Ambassador Gerard that after this war was over he would have no non-

sense from the United States; by which he meant that GERMANIA would be written across our country with the "G" on San Francisco and the "A" on Washington. To win this goal, the Kaiser has bent every energy, he has turned his whole nation into one military machine with which to conquer the world.

In his textbook on militarism, Bernhardi speaks of war as "a national industry". A good business man builds his plant, organizes

his workmen, and pays dividends of ten per cent. Not otherwise, Bernhardi' shows the German people how to make war pay large dividends, partly through money tribute and partly through territory acquired. This German teacher on the science of war has proved that Germany has never made better business investments than in her wars. Her war with Austria in 1866 was a profitable investment, yielding Silesia as a dividend. Her war with Denmark was good business—it yielded Schleswig-Holstein and the hope of the Kiel Canal. Her war upon France in 1870 was most profitable—it paid \$1,000,000,000,000 in gold and the iron mines of Alsace and Lorraine.

It was in 1894 that the Kaiser and his associates first put into the hands of their leaders the Pan-German scheme, with its motto, "From Hamburg to the Persian Gulf". In 1911 the Pan-German Union published a second series of maps, with military and political plans, bringing up to date the scheme for a German Empire beginning at Hamburg and ending at the Persian Gulf.

The maps and plans as given out in 1894 run the German frontier line around Denmark Holland, Belgium, the iron provinces of Northern France, the German province of North Switzerland; they make Austria-Hungary to be an ally state of equal rank with Prussia, but in the plan as published in 1911, the Kaiser places German military heads in control of the Austrian and Turkish armies, while the southern lines of the Pan-German Empire include all the Balkan States, the Kaiser's sister's state of Greece, with all of Asia Minor and Persia. So carefully was the plan wrought out, so perfect were the details,-

reasons." To this native characteristic Goethe was referring when he said, "The Prussian is naturally cruel; civilization will intensify that cruelty and make him a sayage."

For three years German-Americans have protested that the stories of German atrocities were to be disbelieved as English inventions, Belgian lies and French hypocrisies, but that day has gone by forever. On a battle-line four hundred miles in length, in whatsoever village the retreating Germans pass, the following morning accredited men hurried to the scene to make the record against the day of judgment.
The photographs of the dead and mutilated

girls, children and old men, tell no lies. Jurists rank high two forms of testimony: the testimony of what mature men have seen and heard, and the testimony of children too innocent to invent their statements but old

enough to tell what they saw.

The cold catalogue of German atrocities now documented and in the government archives of the different nations makes up the most sickening page in history. These atrocities also were committed not in a mood of drunkeness, not an hour of anger, but were organized by so-called German efficiency, and perpetrated on a deliberate, cold, precise, scientific policy of German frightfulness. The Germans slaughtered old men and matrons, mutilated captives in ways that can only be spoken of by men in whispers; violated little girls until they were dead; finding a nttie giris until they were dead; finding a calf-skin nailed upon a barn door to be dried, they nailed a babe beside it and wrote the word "Zwci"; they thrust women and children between themselves and soldiers coming up to defend their native land; bombed

and looted hospitals, Red Cross buildings; violated the white flag-while the worst atrocities cannot even be named here. No one understands the German people as well as the Kaiser. Our Presi-dent, in a spirit of magnanimity, patience, and good will, distinguished between the Kaiser and the Prussian government, and over against them put the German people. But Germany's Chambers of Commerce, Hamburg's Board of Trade, and certain popular assemblies, would have none of this, and in the fury of their anger passed resolutions, say-ing: "What our government

is, we are. Their acts are our acts. Their deeds and military plans are our plans."

During July and August, when I was in

Europe, we went slowly from one ruined town to another, talking with the women and the children; comparing the photographs and the full official records made at the time with the statements of the poor, wretched survivors. In Gerbevillier I heard the detailed story of a woman whose boy of fourteen. was hung to a pear (Concluded on page 78)

Knowing his people through and through, the Kaiser called his soldiers before him and gave them this charge:

"Make yourselves more frightful than the Huns under Attila. See that for a thousand years no enemy mentions the very name of Germany without shuddering."

Why do the German people say they feel so terribly because the authors of the world call them "Huns" and "barbarians"?

Who named them Huns? Their Kaiser!—Who christened them "barbarians"? Their Kaiser!—Who likened the German soldiers to bloodhounds held upon the leash by the Kaiser's thong, as they strained at the leash with bloody jawa, longing to tear their French and Belgian prey? The Kaiser!

"I baptize thee 'Hun' and 'barbarian.'"—Let the Kaiser's words stand: "For a thousand years no man shall speak the word 'Hun' without shuddering."—Newell Dwight Hillis.

that to-day should the war close, as some wish, nine-tenths of all the Pan-German scheme would have been achieved.

I have in my possession an iron coin given as a token to each German soldier. At the top is a German portrait of Deity, and under-neath are these words: "The good old German God." The Diety holds a weapon German Goo. The Diety holds a weapon in his right hand; and the token bears these words: "Smite your enemy dead. The day of judgment will not ask you for your

WAR THE UNITER From This Deadly Business Have Resulted Mutual Understanding Between Whole OF NATIONS Peoples Fighting in a Common Cause; Great Strides in Science; and the Enormous Stimulation of Industry

By LORD NORTHCLIFFE Chairman of the British War Mission

AM in America because I have been a continual eyewitness at the war on and white various fronts, at the war behind the battle line, and in the war which that very witty Italian, General Cadorna, calls the most serious part of the war, the home front, the battle with the politicians I am here because I want to tell Americans something of the many blunders we made, that the United States may the more speedily achieve that which every democracy in the world is striving for, the destruction of an attempt to enforce upon the world a tyranny that would make the world not fit to time, or for a long time, I am tertainly conducting one of the largest businesses in this great country. I am administering the spending of between fifty and sixty million dollars a week here on behalfof the British Government, and I am here to inform the British Government of all the many admirable things I see taking place, that of all the inventions and of all the specimens of American ingenuity to which we and Europe look forward so eagerly. It was

facture, and of distribution. It is essentially a business man's war.

We did not realize that fact in Great Britain for many, many long months. We were totally unprepared for war. We had an army of about 100,000 men, more or less trained, usually less. We had, I believe, twenty million rounds of small arm ammunition, by comparison with Germany's four

We entered upon this war, as every nation entered upon this war, as every nation enters upon every war, with the idea that the war would be short. You had that same notion in 1861. As a matter of fact.

in the history of all wars, it is notorious that war is a long thing; and I should be lacking in the courage of my friend Hoover if I did not assure Ameri-cans that, in my belief, studying this war from every angle, I cannot conceive it to be possible that an organization which has been taking from the time of Frederick the Great to be built is going to be destroyed in three or four years; that a vast trust, such as that composed by the Kaiser, the Junkers, the aristocrats, and the wealthy class of Germany, are going to give up their position and their profits without a struggle to the very bitter end-a struggle that, in

my judgment, will inevitably cause the German people to establish themselves on that free basis which many of them had in the past before they became enmeshed in the toils of Prussia.

One of the requests most often made to me is that I tell something of the practical things that we did in the war. Almost the first and most practical thing was to lengthen the getting longer hours of labor and of relaxation. One is a very bad way, a way that our experi-ence in Great Britain proved to be bad; that is, to try to work people seven days a week. Apart from all ethical considerations, it is bad economy. People cannot work seven days a week at high pressure. The other way is the way

we adopted, the way invented y an Englishman, Willett, who tried for years to get our people to adopt the very simple device of putting the clock on one hour. Personally, having experience with that system of time for many

months, I cannot see any

possible objection to it.

I myself use it in my home here in New York; and, as a result. I enjoy your beautiful American au-tumn mornings, and I have all the roads to myself. We had a few cranks and faddists who opposed the scheme. A good many mothers thought it would be bad for the children to be up longer, and that they would

On the borders of England and Scotland-Gretna Green, where the runaway marriages used to take place-we have one war factory one mile in width and three miles in length.... The United States will need plants of that size in France"

fitting that business men from all over the United States should have gathered at Atlantic City, representing the vast body of men of business, because it is most obvious to anybody who gives a moment's consideration to the materials and figures involved that war is no longer a question of a few hundred thousand of men in gay uniforms on prancing horses; it is a matter of whole nations in arms, supported by every business brain that can bring efficiency, organization, capital and invention to its assistance. This is a war as much of chemists and of engineers as of soldiers. This is a war of transport, of manunot be able to go to sleep in daylight. But you must remember that in most norther countries, in the north of Scotland, for example, it is daylight up to 11 o'clock at this time of the year, and the children and the animals go to bed just as naturally as they do in these southern latitudes. Daylight saving has every advantage. The people enjoy the early morning hours, they get more relaxation at the end of the day, they save coal, electric light, and beyond question it is a great improvement in the efficiency of plants and factories that have adopted that system.

WAR such as this is not entirely an evil. It to food, thrifty as to labor. It is teaching people to devise new machinery. It has gigantically improved surgery, dentistry, nursing, hospitals, and sanitation, and while the losses of this war are great, the losses from illness and from sickness have been reduced to a minimum by the progress made by medical science during the war.

We in England do not pretend to be so quickly adaptable a people as you Americans. You are now beginning to face the problems that we faced two and a half years ago—the alteration of your business into war business; and at first sight, to the owners of many year the establishments, the prospect seems a difficult and trying one. Many men seem to think that the change will inevitably produce ruin. But that is not the case. There are no businesses other than war businesses in Great Britain and France. Every business is a war business. But those businesses are none the less not failures. As a matter of fact, the brave people of France, by importing every kind of foreign labor, are maintaining their industries in a very wonderful way.

War is itself a horrible and disagreeable necessity. It is incumbent upon every man who knows of any business that can be adapted to war to turn the thoughts of the owners of that business to the quick winning of the war. Almost every business in this country can eventually be used to assist war. In our country those engaged in making furniture and pianos are much more busy than they ever were before, making the wood parts of air-planes. Those who were making pleasure automobiles are making motor trucks for the war, making air engines for the war, making other vehicles for the war. There is no falling off in those businesses. On the other hand, the numbers of people they employ are far greater than before the war, and they have been added to very largely by the fact that our women, without any distinction of class, have gone into those factories and enormously increased the peace-time output at this time.

THE extent of those great war factories is very little known in this country. At one of them which I visited just before I came here, a place on the borders of England and Scotland-Gretna Green, where the runaway marriages used to take place—we have one plant that is one mile in width and three miles in length. I took an American friend of mine to see it, and he said it reminded him of the making of the Panama Canal. I want my American friends who are sending their boys so bravely to this war to realize that the United States will need plants of that size. and that it will need plants of that size in France. That does not seem to be usually understood here. We in Great Britain, although we are only twenty-one miles from France at the narrowest point of the Channel, have been obliged to erect establishments equal, in my judgment, to a town of the size of Bridgeport, in various parts of France

behind the firing line. War is too quick a thing to enable people to send great cannons back to their home countries for repair. It will be impossible for you to send your artillery back from France to the United States to repair. It would be dangerous for you to rely upon the Atlantic Ocean as a channel Lying between you and the Atlantic is the perpetual menace of the German submarine, which is not sunk so readily by the destroyers as by the newspapers.

In regard to the sinking of submarines by newspapers, the United States is just where we were two years ago. I see the limit is now that one ship sunk nine. Personally I doubt whether three submarines have ever been sunk in a week. We do not publish official figures, but victories of that kind pass from mouth to mouth very rapidly when they are genuine, and I personally do not believe that one in a hundred of the alleged sinkings of submarines is genuine.

YOU must also remember that you will re-quire vast refrigerating stores for the preservation of the meat and the food of your soldiers. At the speed at which you are raising your army, by this time twelve months you will probably have between seven and eight hundred thousand men in France. Now, picture to yourself the requirements of seven or eight hundred thousand young men, mostly over six feet in height, with appetites in proportion. Think of what they will need in the way of food, and the means to preserve it; the clothes, the boots-and in the matter of boots, the soldiers wear out between five and six pairs a year in the easiest parts of the line, and twelve pairs of shoes a year where the work is rough. Realize that you have got to repair your rifles, and that the average life of a rifle in the war is not more than six weeks; that you have got to supply and maintain all your mules and horses; that you have to see that all your hospitals are fully supplied with all they require; that your ambulance trains are always in perfect running; that you will require railways from your base to that part of France which the Germans know the American soldiers are occupying, but which you do not know they are occupying. You have got to maintain, at a distance of 3,000 miles, a whole living community, men and women,-for you will need thousands of women for the hospitals and for clerical work in France, as we do; and all that has to be kept at the other end of the Atlantic. That is the work that demands the brains, not of soldiers and strategists, but of men of business, This war is the greatest business the world ever knew; and it has made, in our country, demands that have brought every man of business to the side of the Government, either in Great Britain or one of the other places where brain activity is needed for the war.

You must remember we English are fighting many wars, wars that we rarely see mentioned here. Our army in Palestine is a very large army. We are fighting that war at the same distance, practically, that you are fighting your war. Our army in Mesopotamia is a large army. Those armies have to be maintained and organized, and the chief organizers behind the linesare well known men of Dusiness.

I have said that the war, with all its horrors, is not altogether an evil. One thing the war has done—it has taught us English-speaking people the great qualities, the marvelous qualities, of patience and endurance of the French. It should never be forgotten by any of the Allies that this war against savagery is being fought in the farms and the towns, the beautiful country of France. The French men and women have had this horror in their midst

since the first week of August, 1914, and even to-day, when the wind blows from the north, people in Paris can hear the sound of the guns. And yet those wonderful French people are as calm and determined as they have been at any time in their wonderful history. I was in Paris a few months ago, and it was very difficult to realize that there was a war close at band at all. The women are more quietly dressed. There is no waste—there never was very much waste in France at any time. There are wounded soldiers in the streets, there are soldiers on leave. France is full of the uniforms of all the Allies. The neat uniform of your boys now is there. But Paris is more normal than she was in the first months of this war.

A great many men, especially in this country, were not before the war aware of the wonderful qualities of the northern Italians. I had the pleasure of spending a fortnight with the Italian Army this time last year, and it is a wonderfully equipped army. Its motor transport, its air service, its food, its munitions, are as good as those of any army in the world. It came, I confess, as a great surprise to me. I was not as well acquainted with the northern Italian people as I should have been. My visits to Italy had hitherto taken me to Naples and Pompeii and Rome. I did not realize that, growing up in northern Italy, is a wonderful economic development of water power and industry; and the brains that have organized that industry are behind the Italian Army. The Italian Army is fighting one of the most difficult fights in the whole of the line; and one of the most touching things I have learned there is that they have organized their women to carry the food, that probably comes from the United States, up those mountain peaks at night for their soldier busbands.

Even little Belgium was misunderstood before the war. Belgium was probably the most prosperous country of the world of its size. It had the greatest population, per acre, of any country in the world except India. The Belgians were lulled into false security by Germany. Instead of preparing for war. they prepared for business. But when the blow came, they proved themselves to be as willing to stand the sacrifice, to stand the strain of having these horrible people in their homes for three years, as have the French. I always feel that we English speaking people should show the greatest sympathy to those countries which have the war in their midst. We in Great Britain have not the war in our midst. We have always the British Navy between us and the enemy. We get a few sporadic attacks upon our coast.

THE war has also done good in that it has brought around that little country from which I come all those independent from which I come an those heap. British nations, such as Australia, New Zea-land Canada and South Africa. They had land, Canada and South Africa. They had no reason to come to the war. We had no more power to compel them to come to the war than to compel you to come to the war. They came to the war because they knew that unless they came to the war, their turn at the hands of Germany would eventually come. Think of those people who came from Australia, between twelve and thirteen thousand miles away from the war. I heard a young Australian speaker say recently, "We have never had anything to do with war." did not have to conquer red Indians when they got there, as your forefathers did; they have no wild animals anywhere in their country, and are not near any warring nation. They were quick, however, to know, that speaker said, that (Concluded on page \$5)

FROM BOTTOM UP The Real Issue at Stake in Food Control is Whether Democracy OR TOP DOWN? Can Organize Itself for Economic and Military Defense or—Is It a False Faith?

By HERBERT C. HOOVER United States Food Administrator

100D has gradually, since the war began, assumed a larger place in the economics, the statesmanship, and the strategy of the war, until it is my belief that food will win this war-starvation or sufficiency will in the end mark the victor.

The Allies are blockading the food from Germany, and the surrounding neutrals are under pressure to export their surplus both ways and to reduce their imports. Germans are endeavoring to starve the Allies by sinking the food ships. Short production and limitation of markets cumulate to under supply, and all governments are faced with reduction of consumption, stimulation of production, control of prices and readjustment The winning of the war is largely of wages. a problem of who can organize this weapon.

As to our more intimate problems, to effect this end, it must be obvious that the diversion of millions of men to war reduces the productive labor of the Allies, and in sequence, the food production. But beyond this the destruction of food at sea, and of still more importance, the continuous destruction of shipping, has necessitated the gradual retreat in area from which overseas food supplies can be obtained to any given country. grown from this not only a limitation of supplies, but an accumulation in inaccessible markets. The result of these cumulative markets. The result of these cumulative forces is that North America is called upon, by both Allies and neutrals, for quantities of food far beyond its normal export ability.

What the tax on our resources amounts to is evident enough from the fact that during the past fiscal year we have increased our grain exports from 120,000,000 bushels, the threeyear, pre-war average, to 405,000,000 bushels. This year the allied production is reduced by 300,000,000 bushels over last year, and we must therefore meet a much larger demand. Our exports of meat and fat products have increased from pre-war average of 500,000,000 pounds to 1,500,000,000 pounds for the last fiscal year. And owing to the decrease in their animal herds, the Allies will require still more next year.

If the extremely high prices thundering at every door were not a sufficient demonstration, it is possible, by actual figures, to prove that we have been exporting in many commodities actually beyond our capacity to produce. Taking the three-year pre-war period as 100, we find in pork, for instance, the number of animals on hand at the 30th of June this year is variously estimated at from 92 to 98. The slaughter of animals during the year was at the rate of 179; the exports were at the rate of 215, and the natural consequence is that the price is at 250.

DURING the past year, we have exported every last ounce of which the country during this period was capable of producing, and our national stock of cereals and animal products, proportionate to our population, was, at the beginning of this harvest, the lowest in our history, and many of us have been under keenest anxiety lest we would face absolute shortage. This anxious period is now happily passed.

The demand in many commodities during the coming year is beyond our capacity to furnish if we consume our normal amounts. The necessity of maintenance of the Allies is our first line of defense, and our duty to humanity in feeding the neutrals demands of us that we reduce our every unnecessary consumption and every waste to the last degree—and even then the world dependent on us must face privation.

Owing to the limitation of shipping we must confine our exports to the most concentrated foodstuffs, grain, beef, pork, dairy products and sugar.

We must control exports in such a manner as to protect the supplies of our own people. Happily we have an excess of some other commodities which cannot be shipped, particularly corn and perishables, and we can do much to increase our various exports if we can secure substitutions of these in the diet of our people, but above all we must eliminate our waste.

Our first duty lies to our Allies, and if they are to sacrifice a share of our food to neutrals and if this is also the result of our own savings and our own productive labor, these neutrals should expect to furnish equivalent service in other directions to the common pool against ermany

Populations short of food hesitate at no price, and in those communities where there or otherwise, the old law of price fixing by "supply and demand" is broken.

Such an over demand gives opportunity for vicious speculation and presents an instability to trade which necessitates widening margins in distributing profits and great damage to the consumer. It results in marking up the prices of millions of articles upon the shelves and engages the whole of the distributing trades in inherent speculation.

It is upon this question of price that I wish

to dwell for a moment.

We have all listened to the specious arguments of the siren of high prices—it is her-alded as the mark of prosperity and to posas the mark of property and to pos-sess economic advantages. It is advocated as a conservation measure. It is true high prices reduce consumption, but they reduce it through the methods of famine, for the burden is thrown on to that class of the most limited means, and thus the class least able to bear it. There is no national conservation in robbing our working classes of the ability to buy food. Real conservation lies in the equitable distribution of the least necessary amount, and in this country we can only hope to obtain it as a voluntary service, voluntary self-denial, and voluntary reduction of waste, by each and every man, woman and child according to his own abilities; not alone a contribution of food to our Allies but a contribution to lower prices. It is obvious that our people must have quantities of food and must have them at prices which they can pay from their wage. If we are to have ascending prices, we must have ascending wages. But as the wage level rises with inequality, it is the door leading to strikes.

disorder, to riots and defeat of our national efficiency. We are thus between two fires-to control prices or to readjust the income of the whole community. The verdict of the whole of the world's experience is in favor of price control as the lesser evil.

There are few who will dispute the advantage of such regulation as will eliminate speculation and extortionate profits. This is difficult to disassociate from fixing of prices, vet a great deal may be done by simple remlation and the organization of trades to police themselves under government patronage-to put regulations into force as will protect the legitimate and patriotic trader—for no one will deny that speculation against the consumer is a vicious crime in our present state.

The large question of the hour is price fixing, for the suspension of the law of demand and supply as an equitable, economic law, is forcing our hand in every direction.

The total experience of Europe has demon-

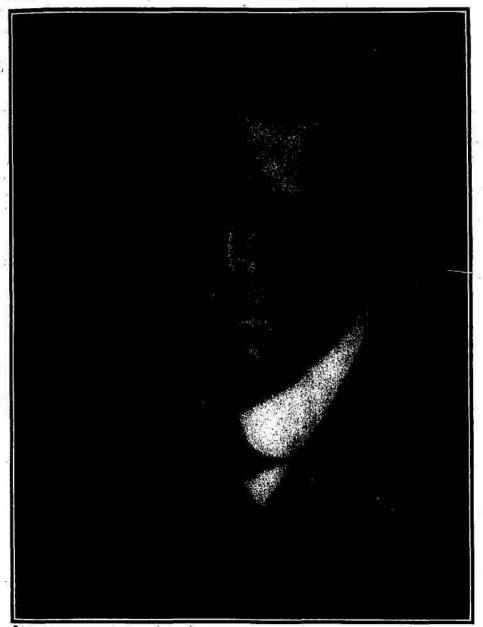
strated that many methods of price control, such as maximums and minimums, are a fallacy, and in themselves stimulate evasions and generate economic currents, which, while they may be a temporary palliative to a situation. ultimately wash away the very foundations of production and distribution. Of European experience in price fixing practically but one formula has remained, and that is the fixed specified price for every stage of a given com-modity, from its raw to its finished delivered state, based as nearly as may be on the cost of production, and reasonable return on

 \mathbf{W}^{E} will find as we go on with the war and its increasing economic disruption, that first one commodity after another will need to be taken into control. We will, however, profit by experience if we lay down no hard and fast rules, but if we deal with every situation on its merits. So long as demand and supply have free play in a commodity, we had best leave it alone. Our repairs to the break in normal economic control in other commodities must be designed to repair the break-not with a view to setting up new economic systems or theories.

It appears to me we can divide our commodities roughly into four classes:

First, those commodities of which we pro duce our own supply and for which there is no export or import business of such consequence as to influence the whole, such as corn, potatoes, onions, apples and many others. Here the law of demand and supply still reigns, and we can well leave them alone, provided no person or persons attempt to upset the normal flow of barter, and then we can best deal with the person

Second, those commodities the export demand for which dominates the price. Here it is possible as a first step to regulate the export price. In such a class I may mention wheat and flour. Nor have we much choice as to the matter of these commodities for under the agreements between our Government and the Allies our Government must purchase or direct the purchase of Allied supplies in this country and as these purchases in many com-



O ORDITION & STRUCTURE A STRUCTURE AND A STRUCTURE AS A STRUCTURE

modities dominate the price we are face to face with price determination whether we will or not.

Third, commodities where internal demand exceeds the supply and where direct exports alone do not sufficiently influence the priceand here we are driven to price fixing at once, to which coal has already fallen.

Fourth, commodities where our imports control the price. We can in some instances control the volume and price of imports so as to regulate price, and it is obviously in our interest to export as little of our money as

I N all control of price there is one dominant factor. The very need of price control is proof of insufficient production, and in war the necessity of the commodity itself transcends the cost. Therefore, the constant dominant mought in price must be the stimulation of production. There is however a point at which stimulation is attained. To get 90 per cent of volume production costs one price. and the need to secure each advancing unit of production towards 100 per cent becomes a problem of balance in the necessity for the commodity against the burden to the consumer.

We have in the Food Administration put into action a form of price control through purchase of the exports of wheat and flour. The government must buy or contract the buying of wheat for export and the export volume controls the price. We were im-mediately confronted with price determina-

To determine it we called in the farmer himself and gave him the majority of the commission to determine a fair price. We gave aim the national balance and prayed him to

weigh carefully and justly. For the first time in history he had a voice in his own price and unanimously determined \$2,20 per bushel, with certain differentials on locality and grade. We then created a voluntary engine of our best commercial men to carry it into effect and to eliminate all speculation, and to reduce the cost of distribution in hopes of finding relief to the consumer. We can now measure The farmer will receive about the results. (x) cents per bushel more for his wheat than his average last year. Sixty cents per bushel is equal to about \$3 per barrel in flour. The price of wholesale flour is to-day \$3 per barrel here is the measure of reduced speculation and distribution charges-\$3 per barrel increase to the farmer and \$3 decrease to the consumer.

The Food Administration has no powers to fix prices except through the export buying, the power to buy and sell certain commodities, and the further power to enter into voluntary agreements with producers. A case of the latter lies in sugar where we agree with 95 per cent of the beet producers that they shall fix the price at a certain figure, and we propose to reinforce this by the control of im-

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other

measures against the 5 per cent if they fail to fall in with the majority.

Each and every commodity has its own situation: each must be handled on the merits and with the least interference by government that will effect purely war ends, and each by

Cooperation with the industry itself.

One illusion in the mind of the public I am anxious to get clear. The Food Administration, through its own authority and the cooperation of other government agencies, can accomplish a great deal, but it is limited absolutely to that area of commerce between the producer and the retailer. We are stopped in law within this area; we can only use influence on both the retailer and producer, and depend upon their patriotism. In this area we can only regulate the flow of trade and hold it to moderate profits and excise speculation. This is an economic step short of price control-except where we can accomplish it by indirect means I have quoted above.

In the Food Administration we intend to confine ourselves to ten or twelve fundamental staples—those food commodities that make up the basis of life—we take no interest in the haxuries or even semi-luxuries. We have laid down certain principles of cooperation with the business community, and if we are to succeed on these lines we must have their support. We are asking the various trades in these particular staples to cooperate with us in organization of the trades to the end that all transactions shall be direct in the normal flow of distribution; that speculation shall be excised: that goods shall be sold both by producer and distributor at least at a reasonable and normal charge over cost, or even without profit. It appears to us that no right minded man in this community wants extra profit from the war. If he does he should be branded with the brand of Judas for selling (Concluded on page 42.)



This is the victory which shall overcome the Hun: the victory of our wheat fields and our corn fields, and our live stock—the victor prictured here from the Fox River Valley in Northern Illinois are our message to Europe, our message hope to our Allies and of Victory, however, hangs on more than production. After we get food in abundance, we must control it with wisdom. The necess what gives such importance to the job of Herbert Hoover, Fox Administrator.

Men and Guns, Food and Clothing Wait on Ships Not to Mention Foreign Trade, Which We Must Carry On if

By JAMES A. FARRELL President, United States Steel Corporation

American Industry is to Play its Part in the War

ERMANY'S first military stroke was intended to be crushing and final. Aimed at the heart of France, it nearly went home. The prepara-tions for it had been long and deliberate. In a military sense, the machine was perfect, perfect in equipment, in organization, in efficiency. Judged by a purely material standard, there was nothing comparable to it on the other side. But there were in the opposing forces elements that transcend purely opposing total extension that tracella patient material valuation—without which, indeed, material strength is nerveless, and material superiority a delusion.

When von Kluck's legions were hurled back from within sight of the outer defenses of Paris, and the battle of the Marne fixed the line beyond which the invader should not pass, the character of the struggle underwent a

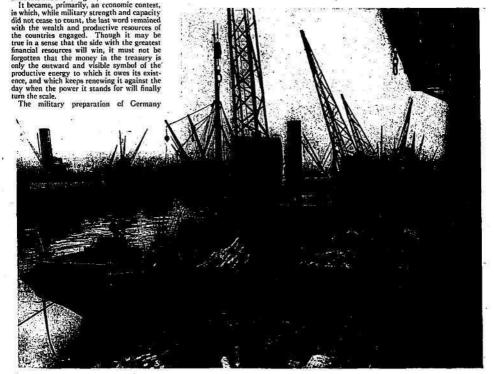
swift and sudden change.

has been of unexampled thoroughness-the result of long years of national drill and dis-cipline. But, in addition to this, her whole industrial, commercial and financial organization has been coordinated with a view to war, and along the same lines that had governed the creation of the most formidable and best equipped army in Europe.

Behind the long embattled line of entrenched and fortified positions where she elected on the West to take her stand, she promptly set about the work of utilizing every ounce of energy she could spare to prosecute the long struggle which it was plain to be seen she had before her.

'Only a slight quickening of the usual pace was needed to bring about the mobilization and concentration of German scientific and industrial ability and training; to place at the disposal of the nation at war all the experience of German commerce and all the resources of German finance, and to effectively enlist the cooperation of all of the elements of economic strength, with due regard to the methods and impulses which have made that strength what it is. We can only judge of the efficiency of the system by its results, but these have plainly been the maintenance under enormous difficulties of a supply of ordnance, munitions, dimenties of a supply of ordinance, munitions, food, and war material of every description needed on the fighting line, with at least an avoidance of starvation at home.

It seems beyond question that German economic organization has successfully utilized for the conduct of the war the greatest possible percentage of the resources available either at home or in territory acquired by seizure or conquest. We, who are the latest comers



ure of the United Steamship Company's steamer "Vadso" discharging mining timber directly into railway cars and general cargo into the theds at the Manchester, England, is visual proof of the importance of handling machinery in modern transportance, an importance which has been beightened since went to war and it became necessary to make use of every mechanical device which will either increase capacity or reduce the number of men employed.

within the circle, are only beginning to appreciate how many cherished customs must be surrendered if we are to pull our full weight in this war.

In the last analysis, this is a contest which will be decided by superiority in economic resources. At the beginning of the was, both sides were in possession of these to a lavish degree. By dint of prodigal use by all of the combatants, these resources have been very seriously reduced, and in the case of Germany they must be approaching exhaustion.

There can be no question on which side lies the preponderance of economic strength: Whether in point of population and man-power, or of stocks of food and the command of the raw materials of industry, the Entente Allies were, even before the adhesion of the United States, much richer in the essential requirements of warfare than the Central Powers. But it is equally beyond question that under German control and direction these Powers have been as a whole able to find compensation for their infectiority in material resources by the po-session of an organization which tendered possible their effective use.

If it were merely a question of matching the resources of the Entente Allies with those possessed by the Central Powers, weight for weight, or bulk for bulk, the war would speculiy come to an end. But the war is prolonged because of the will and determination which Germany has brought to the organization and coordination of all the material forces available to her.

It is here that an imperative obligation rests on American business to contribute its intelligence, its energy and its tenacity, whole-heartedly and unselfishly, to the solution of the problem of how all the resources at joint command can be best employed in the service of the war. The business men of this country realize their responsibilities and are giving their unfinited cooperation.

THERE is the matter of the supply of ships. It is said that food will win the war, but equally important are the facilities required to transport it. Whatever other contribution we may make to the prosecution of the war, that of ships must be first. They are of paramount necessity, because it is only by means of ships that other contributions can be successfully delivered.

In the three years that the war has lasted, we have been sending more and more of our raw materials, our foodstuffs and our manufactures to countries that are now our Allies in the struggle. Our leading industries had undergone substantial reorganization in order to meet the new demands for the production of war material. The demand for tonnage had increased side by side with our increased supply, and at the same time the ruthless warfare of the German submarines had lessened the supply of ships.

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Thus, there had been produced a situation where our Government had determined to enter the shipping business as an owner, and the newly created Shipping Board was laying its plans for the construction of Government

ships.

The entrance of the United States into the war at such a juncture has increased enormously the need for ships. Our first plans call for the transportation of an army of more than a million men, involving two and a half million tons of shipping, at least, for their transportation, without considering the tonnage required for the maintenance of such a force on foreign soil. As the American army

abroad grows in numbers, the demand for tonnage for its maintenance must constantly increase, because these men must be supplied from the home base. They cannot depend upon supplies to be drawn from abroad.

To meet this situation, the United States, through the Shipping Board, has undertaken a colossal program of ship construction, calling for an expenditure of more than abilion dollars, with hundreds of millions more for ships transferred from private ownership or secured in other waxs.

Here is a new, enormous and imperative demand for steel that must be met. It is a

THE National Foreign Trade Council appreciates the opportunity to cooperate with the United States Chamber of Commerce in a demonstration of the importance of national and united effort of business men toward winning the

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Widespread recognition is now given to the fact
that foreign trade is, in times of peace, an important
element of prosperity, while in times of war it is a
vital factor in the country's means of offense and
defense.

JAMES A. FARRELL, Chairman, National Foreign Trade Council.

demand which requires a readjustment of the steel business of the nation. Production must be stimulated, as millions of tons will be required for military necessities and the naval and emergency fleet program. New shipyards must be built, and thousands of men selected and trained for the new service, as officers and crews of the ships that are to be forthcomine.

The United States is, as may be seen, definitely launched upon an enterprise of shipbuilding on a scale which, in view of the war conditions, calls for the cooperation and support of every department of American industry and of every productive interest in the country. These ships may well be the very means by which the war may be won for us and for our Allies. It is through them that we can insure the delivery of our war resources at the point of contact with the enemy. The men for the fighting line, the guns, rifles and all other materials for them to fight with, food and clothing to keep them in fighting condition—all the elements of our fighting strength wait for transportation in determining quantities upon these ships.

THE United States is called upon to do its share of a tremendous task with a meagre merchant marine. It is freely admitted that Great Bittain, at the outset of the war, through lack of centralized power, allowed a vast amount of merchant tonnage to be wasted. Doubly important is it that the United States should profit by the lesson and avoid any such loss in efficiency. Yet, although it was apparently the intention of Congress to concentrate in the Shipping Board all the functions relating to the American merchant marine, there is, as yet, no unified control of tonnage.

That is precisely what happened in England at the outbreak of the war, and caused an enormous wastage of available tonnage because of the disposition of army and navy commanders to requisition ships at the earliest possible moment and hold them until there remained no possibility of their being further required.

As a result, many vessels were used for months as warehouses or remained idle,

transporting neither troops nor supplies, to the manifest detriment of a commerce which suffered for lack of ships and from the burden of freights which kept mounting on the imports of the foodstuffs and munitions of war upon which England was dependent. It was only after two years of such wastage that the British government was moved to create a Ministry of Shipping with supreme powers over all tonnage.

The methods of this body, which are the product of British experience with a merchant marine many times larger than ours, may be

profitably imitated by the United States
Shipping Board. So far, the Board,
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with its great task, and it is to be
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conomize tonnage at every possible
be point to prevent wastage through lack
of foresight or conflict of jurisdiction.

OUR fighting resources are not wholly within our control. There are elements of the supply which we have been sending forward in steadily increasing volume that come to us from other countries, and without which many of the industries essential to the conduct of the war could not be carried on. Thus, the share of American business in winning

the war will not be determined merely by the use we make of materials of native origin. We must make sure of the continued supply of indispensable supplies from other countries. The nitrates from Chile that our farmers

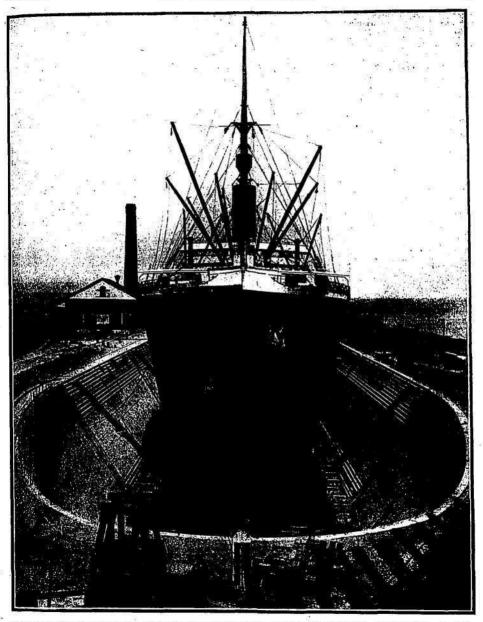
The nitrates from Chile that our farmers must have in order to meet the demand for increased production of foodstuffs; the tin from the Malay peninsula and Bolivia; the Manganese ore from Brazil, and other like essential materials must have their uninterrupted supply firmly secured, and in every case the need for the complementary exchange of products, direct or indirect, must be met.

The experience of our Allies has been that the development and maintenance of their war supplies at home has rendered necessary a thorough reorganization of their industry and commerce. From the outset of the struggle there has been a clear recognition in Great Britain of the necessity of maintaining loreign tuade at the highest possible standard, not only ar a means of insuring the absolutely imperative supplies for the Bittish Army and the British people, but also as a not less important means of maintaining British finance and credit.

The foreign trade of the United States, particularly in exports, has nearly trebled in value since the war began. To the maintenance of this export commerce an assured supply of raw materials is essential.

In what may be termed the non-German world, the transactions of international commerce nourish the sinews of war. They bind not merely one ally to another, but they are frequently passing from neutral to ally and back to neutral again, in a complicated web of trade, transportation and finance. They are all giving life to economic activities and through these to the military action to which all energies are bent. Conversely, the control of international commerce so as to deprive the enemy of essential materials and of any share of the food possessed by the Allied neutral nations has been found to be as essential as the promotion of leatimate trade.

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Thus the problem of our Government is twofold; how to maintain trade with our Allies and with neutrals, particularly non-European neutrals, as a means to the winning of the war, and how to restuic commerce that



The Minnesots, the largest parthast ship flying the American flag, shown here drydested as Hunters Point. San Francisco, is a promise of the return of the United States to the preud position which for ance held among the markiner, powers. Military necessity has quickened our resolve to build up a great American merchant marrine. The necessity is urgent. Whatever other contributions we may make to the prosecution of the war, ships must be first. They must be first because it is only by means of them that other contributions can be successfully delivered. Completion of the government's colosist construction programme, however, is not our whole task. Ships once acquired, skillful management must secure every advantage from them. There is as yet no unified control of ton-

modities dominate the price we are tace to face with price determination whether we will

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a not.
Third, commodities where internal demand
exceeds the supply and where direct exports
alone do not sufficiently influence the priceand here we are driven to price fixing at once,
to which coal has already fallen.
Fourth, commodities where our imports
control the price. We can in some instances
control the price, and it is obviously in our
interest to export as little of our money as
we can.

IN all control of price there is one dominant factor. The very need of price control is proof of insufficient production, and in wa the necessity of the commodity itself transcends the cost. Therefore, the constant dominant inought in price must be the stimulation of production. There is however a point at which stimulation is attained. To get 90 per cent of volume production costs one price, and the need to secure each advancing unit of production towards too per cent of becomes a problem of balance in the necessity for the commodity against the burden to the consumer.

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By JAMES A. FARRELL

Part in the War

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When von Kluck's legions were hurled back from within sight of the outer defenses of Paris, and the battle of the Marne fixed the line beyond which the invader should not pass, the character of the struggle underwent a swift and sudden change.

It became, primarily, an economic contest, in which, while military strength and capacity did not cease to count, the last word remained with the wealth and productive resources of the countries engaged. Though it may be true in a sense that the side with the greatest financial resources will win, it must not be forgotten that the money in the treasury is only the outward and visible symbol of the productive energy to which it owes its existence, and which keeps renewing it against the day when the power it stands for will finally turn the scale.

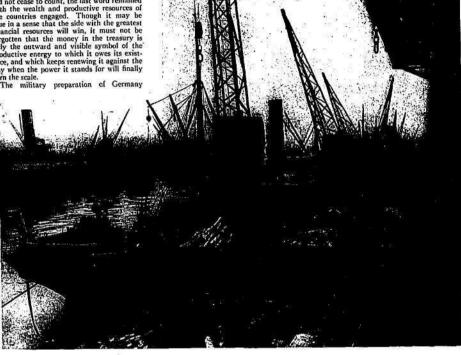
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Behind the long embattled line of entrenched and fortified positions where she elected on the West to take her stand, she promptly set about the work of utilizing every ounce of energy she could spare to prosecute the long struggle which it was plain to be seen she had before her.

Only a slight quickening of the usual pace was needed to bring about the mobilization and concentration of German scientific and industrial ability and training; to place at the

disposal of the nation at war all the experience of German commerce and all the resources of German finance, and to effectively enlist the cooperation of all of the elements of economic strength, with due regard to the methods and impulses which have made that strength what it is. We can only judge of the efficiency of the system by its results, but these have plainly been the maintenance under enormous difficulties of a supply of ordnance, munitions, food, and war material of every description needed on the fighting line, with at least an avoidance of starvation at home.

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The methods of this body, which are the product of British experience with a merchant marine many times larger than ours, may be profitably imitated by the United States Shipping Board. So far, the Board, as now organized, has shown a marked degree of efficiency in proceeding with its great task, and it is to be hoped that it will adopt such a central and unified control of shipping as will and commize tonnage at every possible the point to prevent wastage through lack of foresight or conflict of jurisdiction.

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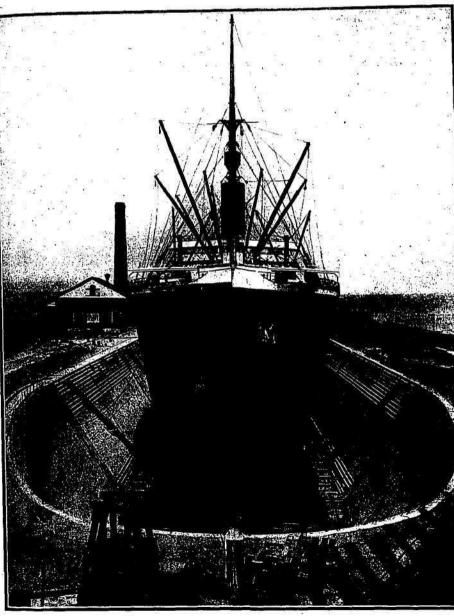
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In what may be termed the non-German world, the transactions of international commerce nourish the sinews of war. They bind not merely one ally to another, but they are frequently passing from neutral to ally and back to neutral again, in a complicated web of trade, transportation and finance. They are all giving life to economic activities and through these to the military action to which all energies are bent. Conversely, the control of international commerce so as to deprive the enemy of essential materials and of any share

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might be of possible benefit, direct or indirect, to the enemy. It is apparent that the attempt to solve one phase of this problem may interfere with the solution of the other, but there can be no question about the need for the exercise of all the resources and influence of the United States in both endeavors.

At a time when so much is expected of us in feeding and arming our Allies, a million and a quarter of vigorous young men are being withdrawn from productive industry, and further withdrawals in drafts will occur from time to time. Here is an additional argument for the exercise of every possible economy of method and of every impects to maximum production that the patriotism of the people can suggest or Government policy can pro-

While the supply of the needs of our Allies and of our own expeditionary forces is the first necessity, it would be a mistake to regard this as entirely apart and separable from the maintenance of our ueutral commerce, especially that with Latin America and Asia. Several hundred thousand tons of Manganese ore per anuum from Brazil is required to keep the steel industry in operation; the tin ore of the Straits Settlements becomes the container of the army ration; the rubber of Brazil and Ceylon enters into the tires of trucks and ambulances beyond the battle line; the wool of Argentina is needed in large quantities for military clothing.

No American army can subsist without coffee, and the cocoa of Ecuador and the Central American Republics is the base of an important element in the emergency ration. Between the neutral nations that possess these materials and the United States there exists a condition of reciprocal dependence. They are as much dependent on us for merchandise which, on account of war conditions,

is obtainable nowhere else, as we are on them for indispensable military supplies.

Happily, we seem to be in the way of having the cooperation of the larger part of Latin America in the prosecution of the war, but, should that not come to pass, we can still reckon on its benevolent neutrality. We may realize practical pan-Americanism by steadfast recognition in principle and practice of the economic ties between the United States and the other American republics.

Our country must continue to offer a market for a considerable part of the products of Latin America, and must see to it that adequate transportation is provided for the con-

quate transportation is provided for the conveyance of that merchandise. The United States must also stand ready to serve as a source of supply, to the countries of Latin America, of merchandise which they can obobtain nowhere else, and which is necessary for their life and industry and the development of their resources interrupted three

years ago

The exports administrative board has a great opportunity in constructive work in fostering trade with Latin America. The needs of our sister republics for the articles of export with which we can supply them can be definitely determined, and a policy adopted calculated to give them an assured source of supply here. Once it is realized throughout Latin America that the United States recognizes, as a primary principle of its war policy, the duty of supplying the needs of its Southern neighbors and of transportation, a surer basis will be supplied or satisfactory pan-American relations.

THERE is universal recognition among the allied nations that the war will be won to but little advantage unless there can be insured a peace that will not be ruthlessly broken.

I found occasion to say at the Fourth National Foreign Trade Convention, held at Pittsburgh, last January, that we had seized unfairly the commerce of no people—taken no advantage of the industrial extremity of others. On the contrary, we had accepted the responsibility of carrying on enterprises which had been begun by European capital whose further supplies were interrupted. Our entrance into new fields of business enterprise abroad had been of benefit not only to the countries where the investments had been made, but to the original investors, whose work had been taken up at the point where they were compelled to lay it down.

Our entrance into the war leaves us still free to pursue the same policy, and it has given us a new title to insist that after the war cooperation on the hoadest and most generous scale, and in the most sympathetic spirit, must be the rule, it economic recovery is to be quick and thorough. The activities of the United States in the war will acquire all the more force because they are meant to achieve the triumph of international right and justice and to serve no ends prompted merely by national selfishness or national self-interest.

SEA FOOD offers all kinds of opportunity for exploration, according to the experts. Our own government has been acquainting us with some new fish, to be sure, and Minnesota has been demonstrating the possibilities of its lake fisheries. But the Canadians, who on the average are more devoted to fisheries than we, have some further suggestions.

Even they have been rather backward. Although a good lake sturgeon may now bring the price of a cow, sturgeon were not so long ago used as manure in Canada. Horse mackerel also were left to rot at a time when, as tuna, they made one of the valuable fe sure is of the Mediterraneau.

World Peace via Commercial Federation

The Give and Take Training of the Business Man in International Union Would Hasten the Thousand Years of Sanity, Justice, and Cooperation—Humanity's Dream

By
Edward A. Filene

In a discussion of the relation of organized business to organized war the consideration of "after-the-war" problems is the war problems. For the conserving of the results of victory may indeed be as important as the winning of the victory itself. I want, if can, to emphasize the fact that both the selfish interest and the unselfish service of American business men are involved in the early revival and reorganization of the International Congress of Chambers of Commerce. Let me state the lacts upon which

After the war, business success will be the

this conclusion is based.

supreme need of every nation. Business will face the challenging job of rebuilding what war has wrecked, of financing an adequate detense policy for the future, and of meeting the largest tax-charges of history. The heaviest burdens business has ever known will prove likewise the greatest incentive that business has ever known. And yet the outlook is that, for business, the hour of supreme need will be an hour of supreme afficulty. And the distinctive position that American business holds to-day, and will held at the end of the war, will not shield it from a final and liberal share of the difficulty.

It is not to be disputed that for some time

after the war the reconstruction of Europe will make heavy demands upon American industr's for materials. The wave of buying that will result may be one or possibly two years in reaching its crest, and during that period American business will prosper. But the demand for reconstruction materials will be a temporary and incidental part of the general business development after the war. Of far greater importance are those factors that will control trade after the first rush of reconstruction buying has passed. And those factors unless I am far afield in judgment, will be found in the following developments.

American business will come to the end



of the war with its productive capacity enormously increased. Even before the war, American business was feeling the pressure of its surplus production. After the war its still larger surplus will make American business one of the most interested contestants in the race for markets. The disposition our surplus production will be fundamental to the health and progress of our entire lusiness and industrial blie.

If our increased productive capacity, which we must try to keep employed, must offer its surplus in markets made difficult by overintense competition, a general cutting of prices is incretable. A general lowering of prices will force American business to operate upon a narrowing margin of profit. A narrowing margin of profit, in turn, mean a tightening of the lines between labor and capital. Labor, reluctant to surrender wage gains won in war time, will have to deal with a capital of restricted ability to meet the demands of labor.

The problem of American business after the war will be complicated by two obvious facts. Every nation will be under an equally heavy pressure to find profitable markets for its products. War has stimulated the production of Europe as it is stimulating the production of America. This fact will make the nations of Europe our severe competitors in the race for markets. Nor will the nations of Europe buy from us more than urgent necessity demands, once the imperative needs of reconstruction have been met. This will be true because the war will have taught the nations of Europe that the country which can most nearly contain within its own borders all the elements needed to sustain its life and supply its army will stand the best chance of survival in the event of another war.

A MERICAN business, when the war is over, will find itself in a world of fierce competitors and reluctant customers, neither of which will be the result of ill-will towards us but the inevitable development prompted by the urgent need of the nations.

If the war should end with an unsatisfactory settlement, every dangerous feature of the business situation will be intensified and complicated. And even though the war ends upon entirely satisfactory terms of settlement, time alone can prove whether the settlement is to endure. The sanest business judgment of all nations demands that the war shall result in some sort of a league of nations under adequate guarantees. But until that new machinery of peace has proved that it can give to nations something at least of the protection that alliances and national armies have hitherto given, them, we may expect every nation to fight streamously for rapid economic and military supremacy as insurance against the future.

I Upon whatever basis the war is concluded, therefore, the outlook is that the years following the war will give rise to harassing difficulties of business adjustment which, unless dealt with constructively at their source, will seriously hamper American business and conceivably give rise to another war.

Business questions—the problem of markets—have in the past led to wars. The

business question of markets may lead to war again unless the cooperative business sense of the several nations unites in finding solutions that will give to every nation the fullest opportunity for its legitimate business development. There is no real reason why nations should spend valuable energy in blocking and hampering each other. There is business enough in the world to satisfy the rightful ambition of all peoples. Before the war, the world's commerce was expanding at the rate of a billion a year.

WHETHER we think solely in terms of the business welfare of the United States, or in terms of the general progress and stability of the world, this much is clear: It will not overchanging cabinets and governments alone the handling of these business difficulties which will menace the successful conduct of our loreign trade and threaten the durable peace of the world.

Business men, as a result of their experience, will be especially fitted to deal with these business difficulties at their source and to effect adjustments that will safeguard the mutual businer interests of all nations and help to prevent international trade from becoming the source of another war.

For some little time after the war, governments will retain considerable bitterness and suspicion. That spirit will not be the best equipment for handling the fundamental and inevitable problems of business adjustment which will, in such great measure, underlie the peace and progress of the future. Business men, on the other hand, are accustomed to the methods of give and take and are obliged constantly to settle difficulties upon the basis of fact and mutual profit. If, therefore, the business men of the world can get together upon a basis of common counsel and action, they can do more than any other group of men to tone down, if not to eliminate, the dangers in the period of rivalry that will follow the war.

Business can become an invaluable partner of governments in beinging the world to a basis of sanity, justice, and cooperation. The future will increasingly demand that business statesmanship supplement, political statesmanship. The business men of America will do their part in meeting this demand. The purely selfish desire to see American business operate with the minimum handicap alter the war will unite with the desire to see the peace of the world made durable, in prompting American business men, to do everything in their power to help bring the federated business judgment of the world to bear upon the difficulties ahead.

But this fundamental work cannot be done unless the business men of the world are brought into an organized unity equipped for effective international action.

FORTUNATELY, business has at hand the rudiments of an international instrument for dealing with just such a situation. I refer to the International Congress of Chambers of Commerce that was just roming into its own as a constructive force when the war broak Its early revival and equipment for the work

ahead is imperative. It has in it untold possibilities of power and usefulness.

It is made up of the representatives of the principal governments of the world and of the important Chambers of Commerce of all nations. In Europe many of the Chambers of Commerce are semi-official, a lact that will make it doubly easy to turn the International Chamber into an effective ally of governments in dealing with the coming difficult situation.

When the war began, the International Chamber was already dealing with many business problems which underlie very vitally the peace and integrity of the world. In its meeting in Paris in 1914, it was decided to try out on an international scale the principle of the referendum, which has been such an important factor in the development and influence of our own National Chamber. The subject of this first international referendum was Disloyal or Unfair International Competition. We have seen enough of the constructive influence and possible power of the referendum in our own National Chamber to recognize readily what a power for conciliation and adjustment the practice of international business referendum could be made in dealing with the very explosive situations that will grow out of after-the-war rivalry.

THE International Chamber has been in existence for some ten or twelve years. It has held important sessions in both Europe and the United States. It has, in every instance, received the utmost consideration and support at the hands of the several governments which have played the host to it, and whose highest officials have sat in its sessions as delegates and appeared upon its platform.

American business men made important and helpful contributions to the plans that were under way, when the war began, for the reorganization of the International Chamber along lines that would make it a thoroughly democratic and effective instrument. American business men will be looked to again for initiative and fundamental help. Every consideration will prompt American business men to take that initiative, as a vital part of their thinking and planning in connection with the increasing part they are to play in the conduct and policies of world trade in the

Clearly, it will be doubtful wisdom to wait until the end of the war to begin laying the foundations for this important work. If we do, we may find ourselves at the end of war as unprepared for peace as we were unprepared for war.

A request has already come to us from Paris that a meeting of the Allied members of the International Chamber be called in the near luture to deal with important questions of business relations that involve, for us and our Allies, effective harmony during the war and justice in competition after the war. Whether the convening of such a meeting during the war will, in the final analysis, be found expedient or not, the fact remains that the whole matter needs prompt and careful consideration.



A Cornstalk Bridge to Victory

The Indians, the Steel-Thewed Backwoodsman, the Gallant Southern Soldier, all Traveled and Fought on Corn-We Can Do It Today and Send More Wheat to Europe

T takes a war to make us discover how illogically chosen our normal rations are. Consider corn. We speak of casting pearls before swine,

yet that is exactly what we do when we feed corn to pig-

Indian corn, or maize, is distinctly American, but the old world tradition is so strong that we have stuck almost exclusively to wheat. There is no reason why this should be so. Back in the old days there was no greater delicacy than corn muffins, or Johnny cake, and we all know how the Confederate soldiers fought on their diet of corn pone. This war is going to make us see that the diet of the American pioneer is as good for us as it was when our fathers fought the Indians.

The nutritive value of corn is almost the equivalent of that of wheat; and what wheat was to the armies of old, corn could be both to the army and to the people of the United

Corn was the staple ration of Davy Crockett, Like all other backwoodsmen of that day he carried a supply of it, parched and ground; and, like the Indians, he could travel days together through the depths of the forest on no other diet than a small handful of it mixed with a little water. It was a saying of his that if a man had a gun and ten pounds of parched corn he could easily live a year. The white men early learned from the Indians, who were able to withstand the fatigues of warpath and hunting trail because of this simple and quickly assimilated food. The corn, rich in starch and protein, parched until it was made quickly digestible, was mixed with water. A cupful of this most simple of all the elixirs had the effect of almost instantly strengthening the tired body.

The Government of the United States is now urging upon the American people that they add at least one-fourth part of corn meal to wheat flour in the making of bread. This is practicable and feasible; it is not a new and untried measure; it has already stood the test of use on this continent; for corn has been used in the form of a fine flour for centuries by various tribes of Indians, and when well enough ground it compares favorably with the wheaten product.

The coarse commeal, known to commerce in this day, bears little resemblance to the impalpable powder of corn which the primitive races of this continent made by grinding between stones and that by hand. The outer covering of the kernels was scraped off after soaking the kernels in hot water to which a little by has been added. This flour is mixed with water at times, and the white liquid resulting is quaffed with much relish. It is an emergency ration of the highest food value.

WHITTIER has sung the praises of the dish of samp and milk by homespun beauty poured. The hominy block in the time of Daniel Boone was an adjunct of the cabin of everysettler. It stood at the edge of clearings as a mark of the diet to which those steel the wed pioneers looked for strength. And the same is true to-day of the mountaineers of the South, whose physical strength is abundant testimony of the food value of corn.

By ROBERT H. MOULTON

Corn enters into the composition of many patient breakfast foods; but long before the days of cartons and bright labels the Indians were making corn dishes which for delicacy of flavor and dietetic value put the breakfast products of this modern day to shame. Moreover, they had flapjacks which literally melted in the mouth—the kind mother used to make,—a phrase that probably made as much trouble for bridegrooms in that day as it does now.

One of the greatest gifts which the Indians hestowed upon the world was this grain of gold. There are many among the initiated, who have come to hail the red man as the greatest of agriculturists. We are gradually learning that the work of the Indian on this continent in developing and cultivating food plants was nothing short of colossal. Not only many staple products of this day, but also numerous varieties of edible grains, vegetables and fruit which we find indispensable owe their present highly developed forms to his skill. It is a popular fallacy that the Indian was merely a hunter, that he lived a haphazard and hand to mouth existence by fishing and the chase, and that his tilling the soil was only an incident of his communal life. This is a late day to be giving the guerdon of recognition and recompense to a race which so many times kept our forefathers from starvation and furnished the cornstalk bridge over which civilization came to its own on this continent

Most of the valued articles of diet of which the discoverers and explorers of the early day found the Indian in possession were not indigenous to the North. Many of them came originally from tropical regions many thousands of miles distant. The Indian tribes of the North made frequent war excursions to the lower latitudes and brought back grains and vegetables of all kinds which they used as seed.

MAIZE, or Indian corn, in its present form represents one of the great achievements of primitive planters. It came originally, it is now generally accepted, from southern Mexico, and was eaten there by the Maya tribes. At first it was nothing more than a coarse grass on which were tiny ears resembling the top of the wheat stalk. Each grain had its own envelope of husk. Occasionally even now grains of corn are found which have their individual husk, thus showing how the maize of our day reverts to type. The plant was essentially tropical, and even now after centuries of culture in the temperate zone it is sensitive to frost.

The tribes of northern America, forced to adapt it to their climate if they would use it at all, gradually, in the course of generations, evolved a reasonably cold-proof plant. There has been crossbreeding since by white farmers, yet as a matter of fact the corn culture of the present day is practically as it came from the hand of the Indian. It was he who adapted and modified it to various sections of the country by a process of careful selection.

All the kinds of corn which exist today are described in the accounts of the

white settlers. Black and red corn, the white corn, the golden yellow corn, the soft sweet variety—the so-called gummy corn of the Indians,—all are mentioned. The culture of corn was more than farming with the Indians—it was a religion. The selection of the seed for the next planting was done with such care the various colorings were so studied and modified that there grew up a veritable maize tradition, which was a part of the religious life of the tribes. The planting and the harvesting of the corn was a sort of religious festival.

ALL the methods of raising corn were taken over directly from the Indians by the early settlers; and although there have come into being mechanical appliances for plowing, planting and harvesting, the methods have really not changed since that day. The Indian loosened the ground with a hoe made either of wood or of bone or antler or flint with a wooden handle. The well chosen grains were dropped into holes made by planting sticks. If the planting season had been delayed by frost the Indian soaked the grains in water so that lost time might be made up in germination. Frequently a little hellebore or some other powerful drug was added to the This did not injure the grain and either stupefied or killed any crows that might dig up the seed. Often snares were laid for the feet of these destructive birds, and later fantastic human figures were placed in the corn clearings—the precursors of the modern scarecrows. The weeds were hoed away from, the young plants and as the season advanced the young corn was hilled. The main work ot cultivating corn was done by squaws among the Eastern tribes, while in the tribes of the West and the Southwest the crop was looked after by the men.

The success which attended the development of the scraggly little tropical plant to the splendid stalk often eighteen feet tall and with ears a foot and a half long, as specimens of corn raised by the Iroquois are described, was due to the zeal and the scrupulous care of the planters, inspired by religious fervor. Corn in the Indian tradition became the food which came direct from the breast of Mother Earth. The keeping of the proper seed was a matter of sentiment and of faith. Mighty Mondamin, committed to the grave, was to rise again, and it was for the tillers of the soil to see to it that his stalk should be perfect, that his cars should escape the insect and the blight

The harvesting of the corn is in our modern practice essentially the same process as that of the Indians. The method of curing and storing has not changed. The corn was placed in ventilated structures on stilts—forerunner of the modern corn crib.

So much for Indian corn as seen in the socalled corn belt of the United States. Her the aborigines had developed it into the lordly plant. The ingenuity of the Indian farmer also came into play in the Southwest, where he raised excellent corn in what seemed a sandy desert. To insure



moisture for the plant the Indian buried the seed a foot or more underground at the bottom of a hole bored out with his planting stick. This deep growing corn is one of the wonders of Hopi husbandry. When deeply interred in the deserts of the Southwest, Mondamin comes to life, he sends slender roots upward, and then the main roots are put forth within an inch of so of the surface. The Hopi builds wind screens for the further protection of the plant. When the corn at last matures, the part above ground looks like a low bush, and yet it hears fine well-formed ears. The United States Government used to try to teach the Indians of the Southwest how to farm, but now it finds it profitable to go to school to them.

It had been accepted for many years that in the Dakutas and much of the Northwest it was impossible for the white farmers to grow corn because all the varieties tried were killed by frost. Recently it occurred to some scientists that despite the drawback of the weather the Mandan Indians were raising corn. An expedition under auspices of the American Museum of Natural History made a study of the agriculture methods of the Mandans. It was learned that for centuries the farmers of the tribe had been developing a hardy corn.

The seed liad been selected from year to year from stalks which were proof against ordinary frost. The stalks of this variety are so stunted that they look more like shrubs than corn. Seed corn raised by the Mandans is now to be sown all through that region of the Northwest, which the official maps all agree is not at all fitted for raising corn. Thus the food supplies of the nation will eventually be increased by many millions of bushels every year.

THE secrets of the cultivation of this trangely acclimated tropical plant by the Mandan tribe were discovered by an archaelogist and not an agriculturist. They were handed over to him by one known as Buffalo Bird Woman, and by others of her tribe, in the belief that they might help the white neighbors.

There is every reason why King Corn should now come into his own. It has been estimated that America's wheat crop for this year, including what must be held in reserve for next year's seed, will hardly equal the amount of wheat consumed in food products in the United States alone last year, let alone providing a surplus for exportation to Europe. Possibly 300,000,000—or, if an effective conservation program is carried out, 90,000,-

ooo bushels of the 1917 crop will be exported to Europe, leaving America facing a very serious shortage of wheat, unless some substitute like corn can be put into general use. That America can and will find plenty of substitutes there is not the slightest doubt, in view of the preparations being made in the middle West to harvest some of the greatest crops in history.

Enormous quantities of the new corn crop will be ground up into corn flour for mixing with wheat flour or for use as commeal. Almost all of the twelve great corn States have instructed their farmers to raise as much white corn as possible for the purpose of supplying the necessary white corn flour and meal.

Other sources of flour which have been tested and tried under favorable circumstances have been kaffir corn, which is really Indian corn in berry form, feterita and cottonseed meal. The sorghum grains, such as kaffir, have the added advantage of being drought resistant. Bread and rolls made with these materials in middle Western laboratories have proved excellent and palatable substitutes for wheat flour. The enormous quantity of these products which will be produced this year will add tremendously to the nation's food supply.

BUSINESS: To Meet the Test of War It Must Learn Nationalism and Find a Practical Code of Ethics. The Alternative to This is Failure and Possible Disaster

By WALTER S. GIFFORD Director of the Council of National Defense

OW may manufacturers and members of trade associations improve present organization better to serve the government and develop their output? Industry in this country has never organized so as to serve the government in time of war. Such organizations and associations as now exist are peace time organizations and were not designed to mobilize industries effectively for war. With the emergency upon us it was necessary, therefore, that the government undertake to develop some sort of industrial organization. Obviously, this was much less desirable than had business in time of peace formed its own organization.

The organization of industry effected by the government for war purposes was to select certain men in each line of industry and appoint them on committees which committees were to advise and assist the government in regard to its needs in each industry. Some men in the industry who were not on the committees naturally felt that they were not represented, particularly as they may have had nothing to say in regard to what men were appointed on the committees. The very method by which the committees were created made it possible, although it has not been in any instance a fact, to have the industry represented to the government in a way that might be unfair to some of its members. The business men on the committees would seem to have an advantage over the men who are not on the committees. To correct possible abuse, Congress felt it necessary to pass Section 3, of the Food Control Act, which reads as follows:

That no person acting either as a voluntary or paid agent or employee of the United States in any capacity, including an advisory capacity, shall solicit, induce, or attempt to induce any person or officer authorized to execute or to direct the execution of contracts on behalf of the United States to make any contract or give any order for the furnishing to the United States of work, labor, or services, or of materials, supplies, or other property of any kind or character, if such agent or employee has any peguniary insulations. direct the execution of contracts on behalf of the or other property of any kind or character, it such agent or employee has any pecuniary in-terest in such contract or order, or if he or any firm of which he is a member, or corporation, joint-stock company, or association of which he is an officer or stockholder, or in the pecuniary profits of which he is directly or indirectly interested, shall be a party thereto. Nor shall any agent or employee make, or permit any com-mittee or other body of which he is a member to make, or participate in making, any recommendation concerning such contract or order to any council, board, or commission of the United States, or any member or subordinate thereof, without making to the best of his knowledge and belief a full and complete disclosure in writing to such council, board, commission, or subordinate of any and every pecuniary interest which he may have in such contract or order and of his interest in any firm, corporation, company, or association being a party thereto. Nor shall he participate in the awarding of such contract or giving such order. Any willful violation of any of the provisions of this section shall be punishable by a fine of not more than \$10,000, or by imprisonment of not more than five years, or both: Provided, That the provisions of this section shall not change, after or repeal section forty-one of chapter three hundred and twentyone, Thirty-fifth Statutes at Large.

Any broad-minded man would have to admit that Section 3 of the Food Control Act

is intended for the good of the people. It is really because the business men had failed to organize in time of peace and to be in a position to cooperate as organizations with the government that we have Section 3. It is because the Government was forced to organize business as best it could that the situation demanded, the passage of a law to prevent possible abuse in what was the only method of procedure the circumstances permitted.

EACH industry would best serve the government if it were organized on a nationwide basis with complete representation of all members of the industry. Organization along state lines or by localities is admirable for chambers of commerce and local civic associations, but our industrial life is not so bounded. Industries are not largely affected by state lines. A national organization by industries is the form of organization that will best serve the government both in time of war and in time of peace. We have never needed such organized industry as much as we need it now when we are engaged in this great war and we never have needed it as much as we shall need it after this war is over, when we shall be in the midst of a world competition of unknown proportions. If we had had such an organization of business in this country at the outbreak of the war, the problem of mobilizing industry for war would have been

Theoretically, such organized industry would be built up in this way. Every-shoe manufacturer in the country for example, would attend a convention in a large hall.

He would agree to join an association to be composed of all the shoe manulacturers in the country. In a democratic way, an election of a Board of Directors or Executive Committee would take place, which Board of Directors or Executive Committee would be authorized and able to speak for and represent all the shoe manufacturers of the country. Such an organization would be able to advise and assist the government to the fullest extent in satisfying its requirements for shoes.

WHY had industry failed so to organize when the advantages to the country of such organization seem obvious, not only in time of war but in time of peace as well? In the first place, while business men would gladly organize to serve the Government in time of war, is their attitude the same in time of neare? In time of peace is not rather the Government looked upon as something apart from the people: apart from ourselves; something perhaps antagonistic to the welfare of business men Is not the aim and thought of many to find out how Government may better serve business rather than how business may better serve Government? "How Government may better serve business" implies an attempt to obtain special privilege in that it sets the welfare of business above the welfare of the country and such special privilege is of course inconsistent with the ideals of democracy. The truth is that to serve the Government in a democracy is literally serving the people.

Anti-trust laws and regulatory bodies are aimed to prevent abuses which every citizen, whether a business man or not who believes in a democracy, must in his own conscience agree should be prevented. To fail to recognize this, to feel that anti-trust laws and regulatory bodies are obstacles put in the way of business to prevent its being organized, is to fail to recognize the significance of democracy. Business must initiate and assist the government in making its laws and regulations helpful, not to business alone, but to

Furthermore, business men must establish a rode of ethics so that many laws will not be needed. If organized husiness will realize that its duty is to serve the people and to prevent restraint of trade, unfair competition and other abuses, such organization will not be illegal. No government in a democracy would long stand if it prevented part of the people from acting for the good of all the people. The very theory of our form of government is that in the long run it acts for the best for the people as a whole so far as it is possible for human agencies to determine what is hest.

In describing the sort of organization of industry which is necessary. I outlined a theoretical organization of the shoe industry. I use the word "theoretical" because I am sure most of you will say at first that it is impractical. I want to emphasize, that in my opinion it is the duty of our industries to carry out some such plan as this. The Government is not to help them to do it, though many business men seem to think that the initiative should come from the government. Quite to the contrary, it is the business men who must do it on their own initiative in order to serve the Government and to assist this nation to keep its place among the leading countries of the world. It is clearly a case where the duty for action lies not outside of the business men but on the business men themselves. Business men must get away from provincialism. A great deal is said about the need of introducing business methods in the government or having business men in high impor-

tant places. Have business men as a class iustified their being so honored? The world has gone forward rapidly in the last very few years. Economic provincialism, the selfish and narrow view-point of what is good for the moment or good for the individual, but not good in the long run, and not good for all, is doomed. Business men undoubtedly know the mechanics and machinery of organization by which things may be accomplished, but have they yet proved their ability to be far-sighted and broad-minded as to the relation of their individual business to the great economic and social scheme of modern society? Organized industry can be made an accomplished fact and I am confident that it will be achieved by the business men, but it can never be done without broad vision and team work with the proper ideals back of both. No longer should a man be judged merely by the fact that he is a financial success. A code of business ethics must be set up by which the member who acted contrary to the best interests of the organization, and therefore contrary to the best interests of the people, for after all the two are necessarily identical, would be ostracized by his fellow business men. The motive of the shoe association which I have used for example would be to develop the art of manufacturing shoes so as to eliminate wasteful methods and to give the country and the world the best shoe at the lowest price possible

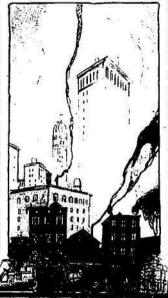
I hope that men of vision in industry will feel it their duty to assist in organizing the business of this country more completely than it has ever been organized. The vision of organized business must be far-sighted and broad. Business men should know more about business than the government, no matter how able that government may be. But remember that the day when business can move along feeling that its own interests are apart.

from and distinct from the interests of all of the people, has gone by. The war has shown not only that public utilities are essential to the well-being of the people and therefore must be regulated to prevent abuses, but that coal, iron and copper mines, and other lines of industry, in short, all vital business, must be carried on for the good of all the people. If business men are not lar-sighted enough to see to this themselves, some scheme of socialization must take place by which it is imposed on them. Business must and will in a democratic manner organize itself so as to make this country impossible of defeat in war or pecces.

NEVER before has there been such justification for optimism in these matters. Under the stress of war, no one could have responded more splendidly and patriotically to the Government's call than have the great majority of business men. Lacking the machinery by which their united efforts can best be brought to bear on the problems facing the country, business has responded unselfishly and effectively. The business world has shown that it can under proper stimulus arise to the occasion and that it is learning to lead rather than follow in the course of world events. Present business organizations and trade associations are many in kind and character. No one suggestion can be made as to how they may more effectively serve the Government at this time. The problem is one for each of the organizations to work out Fundamental to any progress is complete knowledge of facts. Organizations should have not only complete knowledge as to the facts regarding their business in this country, but, so far as possible, facts regarding their business throughout the world: facts as to needs for their products; which of those needs are essential to winning the war and which might, if necessary, be left unsatisfied: facts as to the sources of supply of materials which are used in the industry; facts as to conditions of labor. An intelligent study of these facts will develop how waste of all sorts may be eliminated; waste in methods of distribution: waste in use of materials which are needed for other purposes and for which sub-stitutes could readily be used; waste in the excessive turnover of labor, and waste in man power.

The resources of the country consist, in a general way, of men, money and materials. The task of winning this war will require all of these resources. It is incumbent on every one to see that they are used in a way which will help win the war and in no other way. No new enterprise must be undertaken which would waste these resources. Let us remember that modern war is not fought by fighting men alone but that entire nations must be mobilized and enlisted in the effort. Thus far the business men of our nation, which possesses producing resources greater than any other two nations in the world have enlisted whole-heartedly and unselfishly. We have proved, thanks to the patriotism of the business men, that we are not a nation of moneygetters. We are learning to discipline ourselves for the sake of an ideal. We shall not have to Prussianize this country in order to make it efficient in time of war and in time of peace as well, for we are learning the great lessons of unselfish devotion to a common good. Let the business men of the country go forward with new plans for organiza-.

o lors and with new plants or against tion based on new hopes and new ideals. The result will be organized industry, not organized for the purpose of securing special privilege, but organized for the welfare of the people.



In addition to all the demands for gasoline, there has been a great call for petroleum for fuel oil, for road making, for use in farm tractors, and for use in small farm engines. Every part of the oil is being put to some useful purpose, and the value of the by-products

is increasing day by day.

In response to the demands thus created, there has been tremendous development in the production of crude oil in this country. The consumption of crude in 1904 was 117,000,-000 barrels; it rose steadily to 324,000,000 barrels in 1916. For several years prior to 1916, the production of petroleum in this country had been in excess of the consumption. In 1916, whereas over 308,000,000 barrels of the consumption amounted to over 324,000,000 barrels of crude oil of American production. In addition to this 324,000,000 barrels, we absorbed in this country 23,000,000 barrels of Mexican crude.

The figures for the first six months of the present year are highly illuminating, and present present year are nignly miniminating, and present a picture which it is the duty of every one of us to consider carefully. The figures available for the first six months of this year show that the rate of production of crude oil in this country indicates a total production for the year of 312,000,000 barrels, whereas consumption was going on at a rate of approximately

tion was going on at a rate of approximately 33,000,000 barrels for the year.

On the first of January, the amount of petroleum in storage in the United States was 174,370,500 barrels, whereas on July 1, 164,590,912 barrels were in storage—a reduction of 9,779,538 barrels. This reduction is, however, largely in California stocks.

It will thus appear that with the stocks above ground and given the present rate of production and consumption, the supply is sufficient to insure our having enough oil for at least the next five years—provided the pro-duction is fairly maintained. So while the occasion is not one for alarm, it is one for taking intelligent measures toward adequate production of what we need. Such is the situation confronting the Petroleum Committee appointed by the Council of National Defense, to cooperate with the Government in meeting its oil requirements.

This Committee, which is composed of men active in the production and refining of petroleum, has addressed itself wholeheartedly and unselfishly toward the work committed to it. The duties laid upon this Committee in order of their priority may be briefly

summarized as follows:

1. To secure the necessary and adequate the loil and gasoline supplies for the fleets of the United States Navy, both at home and abroad, including the Coast Patrol Services: also the necessary gasoline supply for the transport and motor car and aeroplane service for our armies operating abroad and at home, and for those now in the process of formation.

2. To secure the necessary fuel oil and pasoline supplies for the Allied Fleet of the British, French and Italian Navies and the gasoline supplies for the aeroplane and transport service of the Allied British, French and Italian armies, working directly with the War and Navy Departments of the Allies through the British, French and Italian Missions.

3. To secure and arrange for the supplies of petroleum products (fuel, oil, gasoline and kerosene) necessary to the industries engaged in the production of munitions, both at home and abroad, and to cooperate with the various foreign agencies and Government departments in connection therewith.

4. To coordinate the manufacture and distribution of petroleum products through the cooperation of the refiners of petroleum in the

United States and, because of the present serious excess of consumption of oil over production, to endeavor to stimulate the producers of crude oil to increase production, to the end that all needs shall be fully met.

The duties of the Committee thus briefly outlined are of vital importance to the success-

ful prosecution of the war.

It would not be appropriate on this occasion for me to go into details with reference to the methods pursued by this Committee or exactly what it has done. Our duty has been, in a word, to find out what was wanted, and to furnish the supplies at the time and place they were needed. We have recognized that the Government requirements should have absolute precedence, and that no consideration of cost, convenience or selfish interest should interfere with our giving to the Government everything it asked of us. That has been our policy from the beginning—a policy carried out in good faith, and, I believe, to the satisfaction of the Government. The methods of carrying out that policy are largely matters of detail, and would not be of special interest, even if they were not so very confidential. Suffice it to say, that the plan has been to distribute the burden of taking care of these needs of the Government equitably among all producers. The question of price has not yet been determined by the Government. We are all interested in the price, of course, but we have confidence in the fairness and broadmindedness with which this question will be met by the Government, and our acts have been in accordance with our faith.

The supreme problem which has confronted our Committee in its efforts to serve the Government has been the problem of supply. The oil industry is distinguished from the coal and many other industries in that the problems of supply do not depend upon the present facilities for manufacturing or transporting. Figures compiled a year ago showed that there were 302 refineries in this country, with a daily capacity of 1,043,245 barrels of crude. The refining capacity of the country was increased by 50 per cent in 1915 and 1916, and at least fifty new refineries were projected at the time the figures above named were compiled. The oil refining capacity of the country is indeed greater than the present demand.

THE situation in a word is this: The country is producing oil at the present time at a rate of about 312,000,000 barrels annually; it is consuning it at the rate of over 330,000,000 barrels; and the refining capacity-is upwards of 550,000,000 barrels. The pipe line and other transportation facilities now existing and in process of construction are reasonably ample to take care of the situation,

The refiners not only have increased their capacity to take care, by existing processes, of crude production to supply existing demand, but they have employed the most expert talent in efforts to extract from crude petroleum gasoline and other products which are most in demand. Had it not been for the introduction of the "cracking process," invented by Dr. Wm. M. Burton of the Standard Oil Company of Indiana, and other similar processes, the supply of gasoline would long ago have fallen far short of the actual requirements.

Great progress has also been made under pressure of necessity and enterprise, in producing gasoline from the casing-head gas and natural gas. This year approximately 2,500,000 barrels of gasoline will probably be obtained from this source, with more, probably,

But when all has been accounted for, the fact remains that this country will next year require at least 55,000,000 barrels of gasoline.

and that amount simply cannot be obtained from the quantity of crude petroleum now

from the quantity of crute performances being produced in this country.

The fundamental and vital problem confronting the petroleum industry to-day, is to increase the production of crude oil.

The conditions surrounding the production of crude are wholly different from those involved in the making of the refined product. By reason of the great amount of capital required to refine, transport, and market oil, the number of those engaged in this part of the business is relatively small-not more than a few hundred. The number of those engaged in producing crude oil, however, is more than fifteen thousand. Many of the operations are very small, but each in its way contributes to the vastly important total.

THE production of crude petroleum involves many unique features—different from all other mining operations. When one discovers a copper, iron, lead, silver or coal mine, he can, with expert assistance, tell pretty definitely the minimum quantity of ...ineral available. The question of supply then becomes merely one of obtaining sufficient labor to work the

The production of petroleum is wholly different. The process of drilling wells, often many hundreds of feet into the earth, requires many weeks, frequently months. The prospector never knows whether or not his enterprise will result in failure. Likewise, even after he strikes oil, he can never tell how long the supply will last. The great Cushing pool, discovered in 1914, produced hundreds of thousands of barrels of crude oil in a month, and the supply seemed inexhaustible. It played havoc with the whole oil pricestructure, and worked a veritable revolution for the time being in the industry. Then within a period of about 90 days the production fell off twothirds, i. e., from 320,000 barrels daily to 112,000 barrels and to-day not to exceed 70,000 barrels per day. Yet the discovery of this Cushing pool resulted from the extraordinary high prices paid, feausing a large number of prospectors to drill wells. We know that there is plenty of oil in the earth, and it only takes a sufficient amount of effort and money to find it.

For the first six months of this year, the pro-

ducer of crude petroleum obtained disand less frequent, and dry wells more and more numerous. The price of crude oil has, mean-while, rapidly gone up. Oklahoma crudes advanced from 40 cents a barrel in 1915—the heyday of the Cushing pool-to \$1.70 in January of this year, and remained at that figure for nearly seven months, advancing to

\$2.00 last month.

In spite of these greatly increased prices for crude oil, however, the number of new wells drilled has been decreasing, and notwithstanding the alluring prices for crude oil, the new production so far this year has been less than for the corresponding period of last year, and as I have already stated, the amount of all petroleum produced was considerably less than the amount consumed.

The reduction in the amount of new work undertaken by producers may be explained

on several grounds:

First, the price of steel necessary to build storage tanks or for casing and tubing and drilling materials has become almost prohibitive. Where the price has not been prohibitive, steel has been in many cases unobtainable by reason of the heavy demand upon the steel and iron milis for other products necessary for the prosecution of the war. And



Petrolcum products are essential to the mechanics are making accurate, by soldiers to use against Germany; and Germany, where the workman is for the German navy, be-

second, the price of labor in theoil fields has greatly increased.

It is but natural that, as a consequence of these great costs and of the reduced margin of profit to the producer through the discouraging returns from the wells themselves, the effort, energy and enterprise devoted) to the production and prospecting for crude oil has seriously declined.

Here, then, are the broad outlines of our problem:

What should be borne in mind is that petroleum products, and particularly gasoline, while vitally essential to the uses war, also have other uses intimately related to the comfort and satisfaction of our daily lives. It can be said easily that we could get along without the automobile. The same could be said of the telephone. But we know that without these instruments of civilization, the horizon of our life would be greatly reduced, and much of the efficiency and happiness of our civilization would be curtailed. The automobile has come to be not a mere article of luxury to the rich man, it has come to be a necessity to the merchant and the manufacturer in the cities, to the farmer on the plains, and to the miner in the mountains. The automobile industry has become one of our great national assets, contributing enormously to the progress of civilization itself.

It is true that some countries, notably England and France, have had to very greatly curtail the private use of gasoline. I understand that in England, for instance, whereas before the war, 75 per cent of gasoline was consumed for private uses, at the present time private consumption has practically ceased, the supply being used by the government in the direct conduct of the war.

But the reason for that is not so much the small amount of gasoline available, but the scarcity of the tonnage necessary to ship it in.

Neither England nor France has any crude oil supply of its own. We, in this country, have the great oil reservoirs of the world. And the measures which other countries must take, because of the difficulty of getting supplies,

need not necessarily be adopted in the United States itself.

It would be a great misfortune if any policy should be adopted, or any procedure taken, not absolutely necessary for the successful conduct of the war, which would hamper or handicap in any way the growth and value of the automobile industry as a manufacturing enterprise, or the successful and efficient use of the automobiles already in the possession of the public. Our national policy therefore should be directed toward preserving as nearly as we can all that we have, and taking care of the needs that are upon us.

It is true that immense economy in the use of gasoline could be effected by present owners of automobiles. There is no reason why everybody should not continue to use motor factory (below) where expert American means of vises, rifle barrels for our to the factory (above) at Dortmund, rolling a strip of armor plate, destined tween huge rollers of steel

cars in their business, in movement from farm to village, or even in their pleasures. There is, however, an inteness amount of utterly unnecessary use of the automobile which could be curtailed. Likewise, considerable saving could be brought about by more intelligent hardling of the automobile engines themselves. The more matter of letting engines run while cars stand still is a little thing in itself, but in the aggregate it results in an immense waste in gasoline

The automobile producers of the country also have a great duty to the public to perform, not only in manufacturing the best possible car, but in instructing the users of cars on how to obtain the highest results from their gasoline consumption. Furthermore, there is still a great range of possibility in the invention and improvement of automobile engines in effecting more economical consumption of gasoline.

But the great thing to be done, the absolutely necessary thing, is to induce producers of crude oil to make greater and greater effort toward obtaining a large product. The price should be sufficiently attractive to induce more and more people to drill wells, thus insuring a steady supply, and offering always the opportunity of finding a great pool which will make the whole situation suddenly easy.

We must bear in mind the fundamental difference between the nature of the problem of stimulating the production of crude oil and that of increasing the output of any other industry which is under the stress of supporting the Government in this war. In the oil business the problem is not that of speeding up the production of existing wells; their output is determined by natural conditions and can be affected to a very slight extent by man's efforts.

The oil situation is unique because increased production can only be (Concluded on page 86)

"Shock Troops" of Organized Business

From a Thousand Communities They Come, Councillors of the National Chamber of Commerce, in Answer to the Call to American Business, "To the Trenches"

JOHN H. FAHEY

HIS war is fundamentally a struggle of nations in which control of materials and machinery is as necessary to victory as the mobilization and training of men. The speed, ingenuity and efficiency with which the United States provides transportation, munitions, food and equipment for the use of the fighting men on all battle fronts will measure the length of the war and limit the terrible sacrifice of human life.

This tremendous enterprise is especially a concern of business, and it is the task of American industry to answer the call which the world and humanity make upon it in such a fashion that never again will a group of murderers, organized in the form of a government, threaten the freedom of mankind and

the progress of civilization.

American business hears and understands the call, and never in the history of any people have men of business responded with greater devotion, energy and sacrifice than have those of our country.

Recitation of the inspiring incidents in which business has played so splendid a part would be superfluous. The whole country knows the story of the thousands of business men, great and small, who, without reserve or recompense, in Washington and in every city and town in the land are giving their time and their abilities to the cause of democracy.

They seek neither honor nor credit for what they have done or may do. A large propor-tion of them, like other soldiers of the

republic, are unknown. And as with the soldier in the field, and the sailor with the fleet, they serve with enthusiasm because their energies, their fortunes and their lives are at the nation's

disposal.

The service which business men have already rendered in preparation for our part on the firing line is large, but we have now passed the first period of con-fusion and excitement incident to the early days following the declaration of war. We have time to pause for a brief survey and to realize that we have only made a beginning.

QUICK and sure success will come only as a result of the most thorough organization. We may congratulate ourselves on the excellent start. but, our own experience and that of our allies, we must perfect our organization of industry to a point never before equalled. It cannot be organization in form only. Mere machinery, no matter how pleasing to look at, is not satisfactory unless it can produce results to the limit of its capacity. We must be sure, therefore, that not only every business and professional man and every worker is bearing his part of the com-mon burden, but that every last one of us, old and young, is fitted into a place in the

shortest possible time and takes his or her part in the common effort.

The war in which we are engaged is a battle of nations banded together in the cause of liberty against those who have set aside every ideal achieved by men in the struggle of

In striving for this perfection of organization, business men must be in the front rank. The experience of their daily lives fits them especially for service in this direction, and, fortunately united as they now are in the largest and most far-reaching organization of business men in the world, the National Chamber of Commerce, they are ready for

The men who constitute the National Council of that body number nearly one thousand. Each was selected by his organization to be a direct tie between his own community and the headquarters of the National Chamber in Washington. Behind them are more than half a million business men, corporations and firms constituting the membership of the local organizations affiliated with the National Chamber. They have at their disposal offices and equipment, machinery and capital. These forces are available for in-stant use in backing with all their power every step which our government makes in advancing the war program.

The machinery thus provided has not its equal in any other nation involved in the war.

and we are negligent indeed of our duty if we do not utilize it to the utmost.

The members of the National Council, ready at all times for immediate call, constitute the "shock troops" of organized business in this country, and the opportunities presented to them for real service are without

How may we best use this machinery in the service of all our people and in the cause to which we are pledged to give all that is in us? Discussion of that question, and the reaching of conclusions are valueless if action does not follow; if every member of the Council does not hold himself personally responsible for

WHAT has already been done is well enough, but American business must now give to the world an example of unselfish, unremitting, persistent labor which will bring to all of us new satisfaction and in-

Real success in business is now to be reckoned only in terms of what we contribute. without thought of ourselves, to the preserva-tion of the splendid ideals for which America stands and will fight for to the last drop of its blood.

Business is not to-day a question of dividends or profits to bring to us and our families ease and luxury,-but ahead of anything else it is a matter of service to the nation in the

great struggle.

As we sit at home in comfort and security, do we quite realize that right now, somewhere, men are dying for usas a result of a policy of savagery ex-pressed in that infamous sentence, "Sink without trace." Do we comprehend that just on the other side of the ocean, amid poisoned gases and in in-fernos of fire, in brave France and martyred Belgium, on the heights of the Italian Alps and on the far-flung battle fronts of Russia and Roumania, men of many races and many creeds are pouring out their blood in one cause-that our children may continue to know what liberty means.?

Yes, we do see clearly and under-stand. Why are we in this war? Because, seeing these things, we know that. if we did not bear our part, all that our forefathers struggled for would be but mockery and sham to us. For our part, let us each pledge himself that until victorious peace is won we will count that day a failure which does not see some piece of work well done, some real sacrifice made by us which will contribute to the success of this paramount cause in which we are all enlisted.

Let us not only strive with all our might to labor intelligently, unsefishly and effectively, but let us at the same time show the real soul of American business.



AMERICA—RUSSIA'S HOPE

Munitions and Raw Materials Russia Needs, and Railway Improvements. Agricultural Implements, Ships-All This and More, and She Turns to Us as the Only Ones Who Can Help Her

By HON. BORIS BAKHMETEFF

RUSSIAN AMBASSADOR TO THE UNITED STATES

T is only a few months since the United States entered the war. Your sons are just preparing for battle. Your country Your sons are stands yet unshaken by the economic strain of war. In this struggle you are a powerful newcomer, carrying all the splendor. vigor and enthusiasm of exuberant youth. This fresh source of military power is going to pour new blood into the weary veins of the allied countries, especially into Russia, which is exhausted and worn out perhaps more than any other country; Russia, which, since the first year of the war, has patiently borne the burden of the greatest of struggles under an inefficient and malignant government; Russia. which, in the third year, in the face of imminent destruction, has overthrown the ignominious rule of tyranny and now is struggling in the endeavor to reorganize the shaken edifice of law and order, and reconstruct the dis-

organized military machine.
It is to America that Russia is looking forward with the greatest of hopes. During the last two years our European allies have given us extensive support. However, their resources are limited, both in finance as well as in material. It is this country on which they largely depend for the future prosecution of warfare. It is, therefore, America only who can assist Russia in the present crisis, and this support, Russia feels, this great republic is giving our country not only as to an ally in arms, but as to her young sister republic, her ally in her future faithful friend.

This war, this terrible contest now raging over the whole of the world, is only the first act of a momentous and far-reaching period of reconstruction, a period which will consolidate the life of the nations on a new basis of justice, an epoch which will tend to eliminate war, to insure freedom and self-government to all nations.

Peaceful existence and the most wonderful development of the highest capacity of human genius will be substituted for the life of cautious anxiety under threat of invasion, the strained endeavors of opposed human units in perfecting and amplifying the instruments of mutual destruction.

In this noble work of the world's reconstruction, the United States and Russia will be allied in thought and purpose. The issues and the results of this process will largely depend on the outcome of the

Russian revolution. The great precepts which with so much lucidity and splendor have been exposed in the historical messages of your President, and which are the very essence of the aims and aspirations of

this great freedom-loving people, these principles will be embodied in life and safeguarded only in case Russia will be able to find her way and will emerge from the present crisis as a strong democratic state, with a strong democratic government relying on a

Free Russia fully appreciates the brotherly upport which this great western republic is giving her against all odds, perhaps taking risks, in the short-sighted view of petty politicians, but investing her means

and power in the greatest

problem of momentons consequences from the point of view of deep historical foresight and fartrigue, the heads of departments were

O unoremona a unpressor

reaching political vision and wisdom.

So as to understand the character and import of the help which Russia needs, one should recall the general outline of events in Russia since the beginning of the war, one should follow

the fluctuation in the policies of government control, of state economics and army supply under the ebbing tide of military events, interwoven with the incidents of the incessant struggle of the nation with the old Czarism.

The activities of the government were gradually disorganizing the material structure of the state and steadily preparing the way to the economic crisis which so manifestly revealed itself on the eve of the revolution.

It was not that all the men throughout the government were incompetent and unpatriotic; on the contrary, in the vast edifice of bureaucracy many personalities of knowledge, efficiency and genuine patriotic spirit could be found. It was the very essence of the prevailing type of govern-ment, it was its spirit and disposition which excluded any efficient management. In the atmosphere of predominant in-

being constantly changed, and, while in office, had to employ most of their efforts to frustrate counter-intrigue and conspiracy, thus being able to devote very little time to constructive work of foresighted policy. On the other hand, the activities of public institu-tions, which were eager to, use all their efforts

to improve conditions, were limited in general to criticisms and sug-gestions. The repre-sentatives of the nation could only appeal, but could not direct; they had neither executive power, nor respon-sibility for action.

Under such conditions there could not exist any defined and premedi-

tated plan of econo-mic control which would provide for a regulated national production and distribution. In fact, measures were hastily adopted when the symptoms of decomposition became conspicuously felt, that is, when it was really

It is most interesting to note that no signs of any economic disorganization appeared before twelve or fifteen months after the beginning of the war. The country was so tremendously abundant in labor and material that even after a year of fighting, after the ter-

rible retreat, the conditions of warfare were scarcely felt within the country. There was still an abundance of food, cattle and goods. Prices in general had not advanced. It had been even the pride of cheap patriots to make boast of the fact

that the country could carry on the war without, practically, any regulation, and gov-ernment control, without any change in the

habitual life. In fact, the country was steadily using up its-stores in victuals and commodities, and the result of such light-minded policy did not fail to appear.

The very fact of militarization of the industries, performed by the nation in an outburst of patriotic exultation, but without

necessary circumspection and recognized system, contributed in a certain way to hasten the revelation of the approaching crisis.

Most of the industrial capacities and raw materials had been turned over to military production. The manulacturing of general commodities was flargely reduced. Simultaneously there had occurred an extensive diminution of for-These eign importations. two causes contributed to a general shortage in com-modities. This shortage around 1916 became quite acute, and its progress revealed itself in an outrageous increase of prices, which so thoroughly demonstrated the inadequacy of supply with the augmented demand, conditioned by an enormous increase of pur-chasing capacity of the people, enriched by the expenditures of war and accumulating funds due to abolition of vodka, and gen-eral prohibition.

NOWHERE has the effect of economic disorganization revealed itself more explicitly than in the domain of railway transportation and in the food supply. The war had imposed on the railways a problem of tre-mendous importance and exclusive complication. The difficulties can be easily proportioned when conceiving the fact that the coal supply from Poland and the Baltic was suspended, the foreign imports effected through the remote harbors of Archangel and Vladivostok, and the traffic within the country greatly increased.

Statistics show that in 1916 the total traffic on the Russian railways had increased by over 20 per cent, and that the Russian railways during this year, although losing about 7 per cent of their mileage had to perform an additional

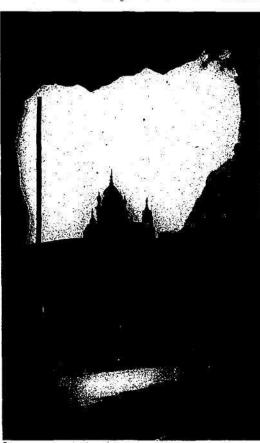
work of one hundred billion ton-miles. The result was a substantial wear of rolling

stock.

Unfortunately, during the period of frenzied militarization of the industries, the requirements of transportation had not been taken sufficiently into account. In many cases the manufacturing of shells had replaced production of rolling stock, and many railway shops had been turned over to the production of munitions. As a consequence, when the rolling stock demanded repair, there were no adequate capacities to meet the requirements, and the increasing demand for railway trans-

portation was answered by a gradual decrease of available cars and locomotives.

Transportation conditions were growing more and more acute. Vladivostok became congested with goods which could not be exported. Within the country the lack of transportation greatly hampered production.



Southernoon a medication of the spiritual needs of the inhabitants of Crimea's southernmost port, on the Black Sea. Rising with steep slopes from the sea, richly wooded and overlooking beautiful valleys, southern Crimea is a lavorite resort for Russian society, and the country seats, parks and gardens of the noblemen are surpassed by none in Europe.

The deliveries of fuel and raw materials were largely reduced and occasionally totally suspended. The productive capacities were lying idle because no general plan, no scheme of regulation, had been followed. In the last months before the revolution, the situation became critical. In the South metallurgical region, smelt furnaces were stopping one by one, due to undelivery of materials, and the shortage of metal was assuming dangerous proportions.

To what extent this situation was the result of inefficient management has been exemplified by the fact that after the revolution the

Provisional Government succeeded, notwithstanding all the difficulties with labor, to increase the monthly production of metal in April nearly 80 per cent over that of February, and managed to more than quadruple the average shipment from Vladivostok.

Inadequate transportation has been as well

one of the main troubles in the food question. The lack of food, as has been stated before, did not reveal itself during the first year of the war. It was only in the winter of 1915-16 that shortage of food had eventually been experienced and certain measures of food regulation initiated. reasons of the food crisis lie equally in the domain of production, distribution and consumption. The crisis is thus the result of a rather complicated and manitold conjuncture. First of all, over ten million men, mostly land cultivators, have been taken away from the fields and set into the ranks of the army, and thus out of producers being transformed into consumers.

The consumption of a soldier is, as a rule, much greater than that of the regular land-toiler of Russia. Therefore, the reduction of producers has been accompanied by the increase of consumption. There followed, further, a very substantial reduction of cattle and horse-power at the dis-posal of the farmer. The requirements of the army drew profusely on the stock of horses and cattle in the country, restricting most seriously agricultural production, and materially reducing the supply of meat and fats. On the other hand the consumption, or better to say the consumptive capacity, had not only been increased within the army but as well throughout the country. Since the war the peasant families have more money than they ever have had. Their standard of life, their purchasing capacity, has increased.

Early in 1915 the village trade had overgrown any precedents and household habits had been substantially improved. This fact explains as well certain

difficulties encountered in the purchasing of victuals. The peasant having abundant money, is not compelled in any way to sell his crop. There is moreover little enchantment to do so, because the lack of commodities does not allow the money to be used. Money on many occasions has lost its attractiveness, because of no purchasing power. To this should be added the difficulties in transportation, greatly affecting the distribution, and conditioning, for example, a shortage of butter in the capital, at the time when Siberia is using this costly product as a lubricant, being unable to effectuate export.

The improvement of the food situation involves first of all the augmentation of production. Under new conditions substantial alterations in the very methods of agriculture are necessitated, substituting implements for human labor and mechanical traction for horse-power. There is to be initiated a new era in agricultural development of Russia, approaching the methods of crop farming to

that of this country.

While originally due to absence of reasonable foresight and lavish conduct of the State Household, the economic crisis was steadily developing under the inconsidered neglect of the old regime, and early in 1917 was approaching a stage of immediate danger. The country was facing an unavoidable rollapse due to an impending suspension of production and famine, and this collapse, as was understood by the men who were aware of the situation, was a question of a few weeks. The thrilling appeal of the Duma in its last session, opened in February, rang again in vain. The covernment, as always, was deaf.

The situation was solved by the revolution. Starting as a bread-riot, the popular movement in a few days swept away the forces of the old regime. This revolution consequently was not only a political issue, it was as well a material necessity. Those who deplore the present weakness of the highting power of Russia, and perhaps some-

pare the present army with the military machine of the past, should not forget that but for the revolution, there would be no Russia at present.

Under the old government, Russia was bound to collapse. Accordingly, one of the first steps of the new Provisional Government had been to relieve the immediate danger. Superhuman efforts of the leaders, combined with the enthusiastic response of the people, contributed to success.

Improved transportation not only assisted production, but it relieved as well the danger of impending hunger.

The main feature of the present situation is still the general disorganization of economical life, and it is particularly on the general conditions of economical welfare, on an expeditions and efficient reorganization of the whole material mechanism of the country that rest the possibilities of future military operations. An army can fight with good spirits only if it is certain to have its munitions and lood. Moreover, to keep the morale of the army steadlast, one must have the soldier feel that his family is not hungry, and not deprived of elementary necessities of everyday life. The soldier must have his boots, but he must not think of his bare-looted children and his family chilling in the winter, due to lack of relethes or fuel. And this side of the problem is as important for wardare as the

immediate supply of cartridges and shells

Russia certainly needs munitions, or materials for manufacturing munitions, but what she needs most of all is improvement of rail-way transportation, reorganized agricultural production, and a diligently-executed possible restitution of supply of general commodities, whether manufactured within the country or imported. Railway materials of all kinds and primarily rolling stock and mechinery for repair, agricultural implements, machine tools, instruments and raw materials for improving the production within the country, certain commodities of everyday life—that is what Russia needs and needs badly. And, to fulfill such requirements, outside of credits, she needs shins, ships and ships.

When exposing this situation, I feel it my pleasant duty to acknowledge that the necessities of Russia have been fully understood and recognized by the government is well as by the people of the United States. Since my arrival I have met only understanding and willingness to help. And this support which Russia has been receiving from this country is not only a material help to the shaken resources of the country but is an encouragement, a moral support of this great Republic to her newly born sister. This act of assistance, this hand of help in a moment of national calamity, this noble accomplishment, my country will never forget.



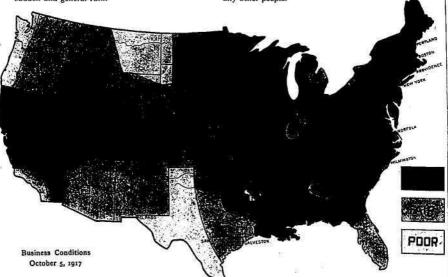
Q uncertaints were transported and the picture has flourished on the River Volge opposite Itil since the ninth century. Bales of valuable fure come here from all parts of Asia before they find their way to the shoolders of the wealthy. The fair lasts about three months, during which time it does a business of 4000-000000 rubbles. It is not likely that these ancient institutions will be interrupted by the political unrest.

Big Crops and Big Industry Avert Disaster Archer Wall Douglas

WTE are apparently at the beginning of the realization in our economic life of what a grim and serious business we have embarked upon in our entry into war. For the destructive and disturbing nature and purpose of war is at variance with every instinct of modern economic civilization. More particularly is this true at present, because of the farenbarking scope and savage character of the titanic conflict. Humanity is dragging its anchor as it sees the traditions, beliefs, and ways of the past falling into sudden and general ruin.

we have not found wisdom, but merely confusion worse confounded. In all time of our tribulation, in all time of our prosperity, we have fortunately for our dependence, the common sense and sanity of the great mass of the people, eventually to size up an situation, no matter how complicated, or unusual

Nor must we forget that paradoxically enough there goes with these hard headed qualities in our race, a possession of ideals and a willingness to make sacrifices for them such as is rarely characteristic of any other people.



Also we are having increasing manifestations in both social and industrial life of that unrest, discontent, almost despair at times, and puzzled wonder which have been smouldering so long as the result of this greatest of all world's cataclysms. Yet, withal, the most significant feature of the situation is a wide-spread and plentiful lack of knowledge of the real reasons which forced us into war and of the great and unselfish purpose which animates our resolves. In this, as in every national emergency, we are afflicted with an avalanche of incredibly foolish and unknowing advice, unasked and undesired, when all that is needed are succinct, definite statements of facts.

This is particularly true because so few of these advisers have neither knowledge, experience, nor perception to fit them to address the people in terms of their own living. In the multitude of counselors,

We are learning fast by experience, and will probably learn faster in the near future, as to the magnitude of the task which awaits us, the sacrifices it entails, and the all-compelling necessity of seeing it through.

As the war is the supreme matter of moment in every phase of our national life, so the attitude of the public mind is a factor of utmost economic importance. The general confidence on the immediate future does not yet seem to have been shaken by any happenings within the past 30 days, so the volume of business is still running full and with no signs of immediate diminution.

Labor troubles have been in increasing evidence during the past month. Apparently they spring from all sorts of causes, local to international, or merely from an undefinable unrest which seems widespread. They still seriously affect lumber, mining and shipbuilding activities in the northwest and southwest and local industries in widely scattered sections. Meanwhile, the scarcity of labor is accentuated by the large number of men called to the colors, and trained perat difficulty in obtaining capable and trained help is a continuing handicap to efficiency in every phase, not only of industrial but likewise of agricultural life.

It is an interesting fact, however, that many strikes have been of easier settlement than usual because of the appeals made on the plea of patriotism and the exigencies of the-

rimes.

The matter of governmental price-fixing is having a troublous time as is inevitable in any plan so new and untried. Not only does it run counter to our experience but also to that selfish instinct in human nature which seeks to make profit out of every occasion. Producers of all kinds and in all ranks of life are apt to resent its application to them without its being made universal in scope, which obviously is both impossible and impracticable.

THERE seems to be a general demand by public opinion that it is a necessary adjunct and component of a complex and unusual situation, and that it will have to be worked out by experience as to the nature and extent of its application. For it is truly a condition and not a theory which confronts us.

Just now the principal problem is as to what constitutes those necessaries of life which

shall be brought under its scope.

In normal times, it would not be difficult to forecast the effect upon general business activity of the recent price reductions in some staple lines of steel and iron manufacturers by agreement between the government and

the manufacturers.

But these are not normal times, and consequently their reactions to this new happening in Commercial life cannot safely be foretold. There are many conflicting factors, yet the predominant ones are those of cheer, The country in general has grown callons to shocks of all kinds, and is not easily stampeded. Prosperity is so widespread and upon so sound a basis that a demoralization of any moment seems unlikely. The declines moreover have not affected all the staple lines of steel and iron products, but only some. Moreover the so-called market prices, those at the top, have not been paid save in small degree, by dealers and users. Copper, lead and zine dropped precipately in price some time ago, but prices of finished material into which these metals enter largely as cost factors have not been affected in any appreciable manner.

Naturally there will be a short period of

Naturally there will be a short period of pause and hesitation in buying because of the uncertainty as to what may happen. After that a readjustment, not severe, in which purchasing may continue on a basis that may prove an "incentive to buying for regular needs" until January 1, 1918 because of the stability and certainty of prices. That other lines may act sympathetically with the metals in the matter of prices does not now seem probable, but rather that each one will be governed by it's own peculiar condition.

It certainly marks the end of an era of universally high prices, and may possibly usher in a somewhat more sobered, thoughsound period on a lower and more natural level. It will dispel those cobwebs of apprehension as to a runaway market in the matter of prices because of the continual increase in the volume of our currency, and make very evident that supply and demand still continue to be the determining factors in price fluctuations. It was an open secret that high prices were limiting demand in many directions when governmental

price regulation came in to furnish the final deciding factor. From now on, it seems most likely that business activity will be a matter of normal requirements, free from that speculative element which so distinctly characterized much of it in the past. Such few changes in the map as have come about in the past 30 days are still those of improvement in the main, and bear witness to the sound economic and financial condition of the country in the midst of trying times such as it has not known for over half a century.

Frost damage to corn in the early part of September was not as serious as at first leared though hearing hard on late gardens. The principal effect of any further cold weather at present will be to increase somewhat the quantity of soft corn without making any appreciable diminution in the total yield. Live stock will go into the fall with generally revived pastures and as a whole with an abundance of feed, despite some very sharp tend are to the contract of the contract of

local exceptions to this general statement.
When this year's yield of cured corn comes upon the market, there should be an appreciable decline in the price of feed for live stock. Farmers are still holding wheat and do not seem altogether satisfied with the price set for it. They seem to feel that price regulation should effect all the articles they buy as well

as those they sell.

Planting for winter wheat and for next spring's crops is on an unprecedented scale. Cotton has gone backward in some sections, and improved in others, with but consequent small general change on the whole. Its lower prices seem, however, to reflect the general belief as to a yield that will be sufficient for all needs and for such export as the existence of war permits.

There has been an unusual amount of fruit and vegetables canned and dried for winter

The striking undercurrent of the volume of business is its immense diversification into innumerable activities which are creating and developing wealth in many sections as the best and surest foundation for our present prosperity.

From Bottom Up or Top Down? (Concluded from page 24)

the blood of our sons for profit. I have read among the proceedings of this important body a demand for larger participation in the government by the business community. Food Administration to-day is directed by a body of 250 volunteer representative business men, producers and experts, and up to date it has held over 200 conferences with representatives of trades and producers. We have asked them to help in formulating plans to conserve, to stimulate production, and above all to regulate distribution. Most have been helpful and in instances where organization has been completed the devotion of the business men has been above all praise, and in some cases we have so far failed to secure this cooperation in a discouraging way, but I am not, in view of the success in some lines, prepared to say that the experiment is either a success or a failure. But let no one be under the illusion that selfishness or greed has disappeared from this great republic. There passes over my desk daily a sickening mass of evidence of individual. sectional and class avarice and self interest, backed by demand and threat, that is illuminated by rarer instances of real support in the gigantic task of government.

We wish for cooperation in service from our commercial community. We wish to stamp it with the stamp of service in public interest.

Compared with the sacrifice of our sons and brothers, it is but little to ask. And it is a service which, if given now, will not be without interest returns for the future. This interest in a thousand fold will come in two directions. If we receive the support, we will have demonstrated the falsity of radical claims as to the necessity of socializing our industries. If we fail we will have given impulse to these demands and ground for their compaints. One looming shadow of this war is its drift toward socialism, for with the gigantic sacrifice of life the world is demanding a sacrifice of property, and we will surely drift to that rocky coast unless we can prove the economic soundness and willingness to public service of our commercial institutions.

It is worth while examining the developments in Russia from this point of view. Here no practical or effective form of commercial regulation or distribution was undertaken, In consequence of speculation, profiteering and failure in commerce to serve public interest, the condition of the industrial classes became so intolerable as to steam the hotbed of revolution. Justifiable as this revolution may have been, and as great a cause of liberty as it may result, no one can deny that the whole trend of this revolution has been socialistic, and the latest phase is a development into practical socialism. This strain in the revolution, I am convinced from much experience in Russia, was the reaction from failure of the government and the commercial classes to meet their public duty.

The other end to be attained is of profound importance. The alternative to failure of our commercial system to maintain its place and at the same time serve public interest is rigid autocratic governmental organization of industry of the German type. Such organization is autocracy itself—it breeds beaurocracy and stifles initiative, thus democracy, at its birth. We must organize—we must mobilize—our every national energy, if we are to win this war against the organization perfected by autocracy. Either we must organize from the top down or from the bottom up. One is aufocracy itself—the other, democracy. If democracy cannot organize to accontiplish its economic, as well as its military defense, it is a

false faith and need be abandoned.

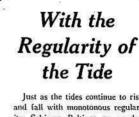
The Food Administration has appealed to
the commercial community to march with it
to an organization, democratic in its inspira-

tion and vital to our defense.

If we succeed, we shall have assisted our commercial institutions to their own stability in after years, and beyond this they will have proved that democracy is a faith worthy of defense.

ENPORT Trade isenticing some of the nations which have formerly sent abroad most ly raw materials. The Chinese government has come forward to offer medals to its manufacturers who send out of the country a value of more than \$50,000 a year. The Brazilian federation of chambers of commerce urge expositions in Europe of Brazilian products. And in England, weekly journals dwell upon the fertility and resources of South America. In this connection The Statist, a propos the

In this connection The Statist, apropos the levers and insect plagues of new lands, recalls conditions in the fen country of England about the middle of the eighteenth century. In those times a noble lord, upon going to visit the Dean of Ely during mid-summer, discovered it was the custom of the neighborhood to wear leather stockings before faring forth and, what is more to the point, he came to understand the utility of such defenses when the rode through swarms of insects.



Just as the tides continue to rise and fall with monotonous regularity, Schieren Beltings go on day after day, month after month, year after year, transmitting the world's power as only Schieren Belts can, and giving perfect satisfaction to their users.

Every belting requirement is best taken care of by belts which give unintercupted service under any and all conditions.

Food will win the war-don't waste it But what about power?

NE of the biggest problems confronting the nation today is the reduction of power transmission losses.

The U. S. Census Report shows that 22,547,574 horsepower were employed by the 275,791 manufacturing establishments of this country in 1914. All but comparatively few manufacturing establishments use power, and there must be many more now than three years ago.

A large part of the 660,000,000-ton coal production for 1917 will go for the development of power. The transmission system stands between development and actual use. It is the place where the leaks occur.

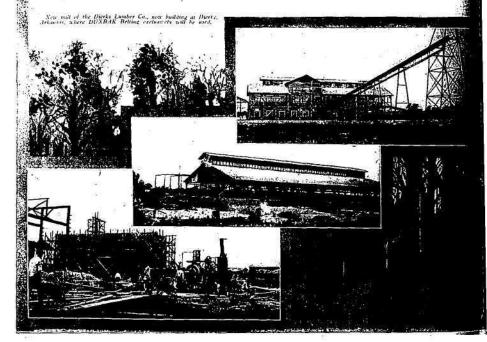
You cannot cut out the transmission system. Hence, improving it—giving the transmitters the proper attention to make them efficient—is the only way to cut down power losses.

Leather belts transmit a greater amount of power than any other system—because of low first cost, simplicity and ease of installation, longer life, less attention required, and lowest final cost.

Less attention, however, does not mean no attention at all. We have ever advocated strict attention to belt ing details—selecting the right kind of belting for each particular service, installing it mechanically correct and lastly, giving the belt the amount of intelligent attention which will insure the extreme length of life of which it is capable, insure maximum pulling power at all times, and prove teather belting to be the most economical transmitter of power.

To render better service to belt users, Schieren Branches have been located at many important points stocks are kept at each for quickly supplying manufacturers' needs, and Schieren representatives at every branch stand ready to offer advice, for the solution of belting problems, backed by the experience we have gained through half a century of specialization in just one thing—leather belting, its application and services.

In other words, the Schieren Organization is prepared to "Do its bit," feels confident of its ability to help others do theirs, and calmly awaits the call to even greater effort in your hehalf or in behalf of the nation."



DUXBAK

A Fitting Reward for Good Service

DUNBAK Belts exclusively will be used in the big mill of the Dierks Lumber Co., now building at Dierks, Ark., beenuse DUNBAK on trial, in competition with other makes of belting, proved its superiority in actual service in other mills of this company.

Above you see DUXBAK in the Planter Shop at Dierks' Bismarck Plant, and, opposite, an 8" DUXBAK drives the transfer chains and a 16" DUXBAK drives the trimmer saws and sorting shed chains at their Broken Bow Plant.

Waterproof, steamproof, acidfumeproof, DUNBAK is virtually an insurance against ordinary belt renewal losses, as well as against every-day power losses. "Why the shutdown, Joe?"

"That big belt is giving trouble again. Broke this time, Mr. Smith. As I have told you before, the only belt that will stand up there is DUXBAK, but we would have to send to New York for it and we need it in a hurry."

"I don't know but what you are right about DUXBAK being the only belt that will stand up,

but you are wrong about having to send to New York. I was looking over this trade journal just before you came in, and ran across a DUXBAK ad.' There's a Schieren dealer right here in town. Get hold of him and see if we can't put a belt on that drive that will give satisfaction."

"Good! That's fine, Mr. Smith. Put a DUXBAK Belt on that drive and end the trouble."



No Peace While Dare We-Challenges President Rhett, Speaking the Mind of American Business—Dare We "Kultur" Menaces Leave Another Generation to Face the Dangers of Autocracy and Militarism?

By R. GOODWYN RHETT President, Chamber of Commerce of the United States

To give American business an opportunity to express its sentiments with respect to the war in which we are engaged, and not only to declare its patriotic feelings but, business being before everything else practical, to state in plain and unmistakable language what it expects, and what it proposes to do to add in brings

what it proposes to do to aid in bringing that war to a successful conclusion, was the primary object of the War Convention of American Business called by the National Chamber of Commerce.

In order that those expressions might be thoroughly representative of American business of every kind and from every part of the country, the Chamber not only called together delegates from its own 950 commercial organization members, representing over 400,000 individuals, firms and corporations, and its own individual and associate members numbering over 6,000, but it extended invitations to other commercial organizations of the country not members of the Chamber to unite with it in sending out a message from the business men of America which would let the world clearly understand that, whatever the cost, whatever the sacrifice, they proposed to place every resource at their command behind the government and its allies in their determination to see that liberty, democracy, civilization and humanity should not perish.

THERE are some, both here and abroad, who question the true patriotism of American business men in connection with this war. What is the record?

There are some, both here and abroad, who question whether the spirit of service and sacrifice necessary to a successful termination of the war prevails among American business

men. What is the reply to that?

Five years ago the National Chamber of Commerce was organized for the purpose of arousing the business men of this country to wider and deeper interest in the general welfare of the nation as a whole; to closer study of its needs, and better acquaintance with the cooperation of its various elements which is necessary to insure more widespread and permanent prosperity, and then to such course of action as would most effectively bring this

In these five years it has made marvelous progress towards that end. It has found the spirit of cooperative service for a common welfare in abundance everywhere amongst business men, waiting only for opportunity and leadership. There has been nothing more inspiring than the response which men of large and of small affairs alike have made to the calls upon them to contribute their time and their talents to the analyses of great national problems upon this high plane, and the patriotic conclusions they have uniformly reached, unless it be the splendid response of the business men of the nation through their commercial organizations to the calls made upon them for their verdicts upon these conclusions. There can be no more convincing evidence of the patriotic spirit which fills the business men of

America than their responses to the referenda of the Chamber of Commerce of the United States, unless it be their conduct since we became involved in the war.

If we look back upon other wars and recall the scandals that have invariably sullied the transactions between the governments and

HIVE years ago the National Chamber of Commerce was organized for the purpose of arousing the business men of this country to a wider and deeper interest in the general welfare of the nation as a whole. Towards that end, it has made marvelous progress.

If we recall the scandals that have invariably sullied transactions between governments and business in other wars, and contrast with them the course of business men at this time, in offering and in giving their services to the government without compensation, and without thought other than the common welfare.—and their products at prices fixed by the government—it will be realized to what an extent the spirit of cooperative service for the common welfare prevails among business men.

FROM PRESIDENT RHETT'S INTERPRETATION OF THE WAR ATTITUDE OF AMERICAN BUSINESS

husiness, and contrast with them the course of business men at this time, individually and collectively, in offering and in giving their services to the government without compensation or other thought than the common welfare, and their products at prices fixed by the government's agents, it will be realized to what an extent this spirit prevails

BUSINESS has been groping in the dark because it found the very foundations of commerce upturned. Demand and supply can no longer be permitted to control prices, because the extraordinary demands of the government have completely unbalanced the scales. Something else must be found to take their place for the time being. The government is now searching for that something, and in the process confusion has naturally arisen. In this confusion, there undoubtedly have been cases where selfishness and greed have outweighed patriotism, but these cases have been exceptional, and the great body of business men have invariably stood squarely behind the government in all its plans and proposals.

'I need cite only one or two striking instances of this.

In the matter of taxation, business men overwhelmingly endorsed the proposition to secure a substantial proportion of the revenues needed for the war by taxation instead of by bond issues, and to raise a large part of it by a tax on excess profits and incomes, progressively increasing.

Again, when it became evident that the

Again, when it became evident that the general welfare was being seriously affected and possibly jeopardized by the ordinary forces of demand and supply, due largely to government requirements, the Chamber com-

mitted the analysis of the whole subject to a large and representative committee, which has unanimously reported in favor of conferring upon the Executive during this critical period the power of fixing prices on articles which have importance in basic as well as in war industries, and which outer into the processing.

industries, and which enter into the necessaries of every day life. This report has been

sent to referendum.

The business men of the country, in fact, have in no case failed to respond to the demands of this extraordinary situation, no matter at what sacrifice, and the world should be made to understand that in no event will they fail to respond until democracy is made safe, and civilization, based upon truth, honor and integrity, shall be made secure to the peoples of the earth.

THE convention, however, was not only for the purpose of giving expression to our sentiments and our purposes in connection with this war, but also to inquire into the means whereby we might most effectively aid the government and its allies to win it.

We can perform no more patriotic or profitable service than by contributing the discussions and conclusions of such a gathering towards a solution of these problems in the best interest of the nation. The President has well said

that this war is not a battle of armies, but a conflict of nations, in which every national resource must be called into play. I cannot doubt that a convention composed of men of wide experience and high attainments will contribute thought and information that will materially assist the government in determining how business can aid it best.

Business would be dereliet in its duty to itself and to the country if it falsel to consider also the problems which in all likelihood we shall have to face when the war is over. Information should be gathered from every source here and abroad as to what of the forces which have been called into play by the war are for the nation's good after the war. Wherever they are found to be so, how may they best be adapted to the changed conditions? It is our purpose to begin a comprehensive study of these questions, and to pursue an exhaustive inquiry into them through a carefully selected commission.

At the conclusion of the war, bundreds of thousands, if not millions, of men will return to civil life. Many industries based on war will cease and new industries will take their places. The forces of competition and cooperation may have to be readjusted, the forces of demand and supply modified. Our foreign commerce, which has grown to such proportions as to constitute an essential element in our prosperity, will have to be protected and extended into all parts of the earth. These and many other problems vital to the national welfare confront us, and we cannot longer delay an earnest search for a satisfactory solution of them.

To meet and solve the problems of how we can best aid the government to win the war and how we can (Concluded on page 62)

A Famous Advertising Man Said that Such Percentages Could Never be Made:

But THE NATION'S BUSINESS Has Made Them!

73% of July expirations renewed. 80% of August expirations—and still coming in. September and October will be as big.

The reason why, against all precedent, eight out of ten of our subscribers are renewing, is the same as the reason why 16,000 new subscriptions have come to us sincé January 1st from business executives rated high in Dun's and Bradstreet's.

When big executives consider re-ordering a business magazine, the question of the \$2 is the least consideration. Something infinitely more valuable enters in—the question of devoting their time each month to its reading! So these percentages of renewal are all the more remarkable. This is because it is not just "another magazine."

October: 50,000, net paid.
Advertising Rate: \$200 per page.

Business Charts Its Course

(Concluded from page 11)

that go to the heart of the matter. "No class of men," he said, "has shown quicker imagination than the American business man." And again, "You may not get any concrete thing that you can do from this convention; but you can make it 'clear to others what the war means." That means that the great thing alsunt the Convention was its message; and that that message will have to be carried into every highway and byway and crossroads store in the land if it is to bear full fruit.

Time and again this note was struck at the the Convention was merely the first step in a great task whose purpose is the complete reorganization of American industry through calculated, organized effort; and that it means within the coming months a tremendous educational campaign among the business men of the country big and little, and among the forces of labor everywhere, and among the farmers.

In this connection there was no more important resolution passed than that which called on the men who had seen and heard at the convention to go back to their own home organizations and as soon as possible call war meetings and tell everyone else about it; to the end that the Convention might thus stir the spirit, stimulate the inventive faculty, and organize the efforts of every business man in the country.

But the purpose goes deeper than that. It means the organization of every one of the principal industries of the country for the explicit purpose of cooperation with the government in meeting war needs. This calls for the organization of a committee of the leading men in each industry; and there is a possibility that these men will largely displace the advisory committees of the Council of National Defense, whose work has, for many reasons, not been as effective an aid to the government as had been housed.

The plan as now contemplated involves the careful organization of every industry with the hope of getting every man in it into the trade association of whatever body represents the business. When this work of organization is completed it is hoped that each industry will be represented by a committee which is really representative; and that this committee can then deal with the government on every question connected with the government's war needs from that particular business.

In addition, it is one purpose of the Chamber of Commerce of the United States to establish a connection between business men and the government whenever such a service is requested and is desirable.

. I have taken this aspect of the resolutions up in some detail not only because it is fundamental, but because it will serve to give some conception of the essential sanity and the clear cut purpose and the great weight of influence that lies back of all that the Convention did.

THE real capitalists of this country, said one speaker, "are not the bankers, but the farmers. They must be reached. There are many things about this war that they don't understand. If they did understand they would be as keen for action as we are. They are like any other men; and just as patriotic. But there are farmers out on some of our western plains who hardly know there is a war. They must be reached. They must be reached. They must be reached. They must be reached.

The same feeling was evident with relation to labor. I talked with many members of the convention about this. They were all men of experience. Some of them had had some lively brushes with labor. Others had difficult labor problems on their hands right at that time. But I heard no abuse of labor and no reproaches. "We must make them see and believe that we act in good faith." they said. "Neither side has been blameless. Labor will understand presently that capital has made up its mind to approach this whole subject from a new angle."

There were many bouquets thrown in the course of the convention. Business now and then rose to give itself a deserving pat on the back. But there was variety even in that. "We have all taken praise," said Henry A. Wheeler of Chicago in one of the great speeches of the Convention. "And part we borrowed from somebody else. Business is patriotic—yes; but not all business. And we shall do well to remember that until principles are more precious to us than profits, we shall never be right with our contury." Mr. Wheeler wasn't the only one who spoke his mind on that, and the effect of such utterances at such a time from men whose position gave a great weight of authority to their words, was very profound. It has not long been the custom of business to take stock of itself in that peculiarly specific manner.

ET it not be forgotten that not all the Legislators, preachers, doctors, lawyers and journalists in the world can speak words that carry to the ears of business men anything approaching the weight of final—almost ex cathedra-authority that they feel in the words of men who are in every sense, by sheer weight of power and influence and brains and skill, kings of the business world. These men can speak authoritatively to the men in their own profession-for business has become a proprofession—just as a great surgeon can speak authoritatively to the men in his profession, or a great engineer in his. Men—big men at that-came, many of them, across the continent to hear that voice of authority or to speak with it. And when that voice, in accents of thunder, that the whole world might hear, pronounced for everything just and right, unselfish and patriotic, then their last doubts, it they had any, their last timidities, if they had any, were swept away-just as the last doubts, the last timidities, of business men throughout the country will in their turn be swept away when the good word reaches them as it surely will, borne from state to state, town to town, farm to farm, even as the Scots in an elder day called the clans to war with a fiery cross, carried by the hands of men across the mountains and heaths of Scotland.

Business has put its hand to the plow; it will not turn back. It has adjured the flesh-poits; it has set its face eagerly toward the wilderness, and a promised land. Business has spoken; it has found it a voice. It will continue to speak more and more clearly to the American people and to all the world the language of truth and justice, and to live up to the idea that the world must now be made fit for men to live in.

"Give to this war," said Charles Edward Russell, "the concentrated skill and purpose that has made your business a success. When we put forth the same power and resistless energy that has made us great, Germany is beaten."

That is what American business is going to do. That wasn't an exhortation. It was a prophecy.

The Man In Khaki Gives All;

Business Can Do No Less We Are Accused of Dollar Worship; And Here Is Our Answer to That Sneer: "We Have Made Money; We Can Make Money; And Now We Are Going to Prove That We Can A Make War"



has been said for three long, tiresome years that the United States had no soul higher than the making of money. The War Convention of American Business, representing all classes of business throughout this nation, gives an answer to that unjust sneer by saying to the world, "We have made money; we can make money; and now we are going to prove that we can make war. And the genius of the American people for organization, for devising of ma-chinery, and its science, is to be put to work on behalf not only of our own country but of all nations,-even our enemy nations.

There is something about the American eople that we cannot get into the heads of Europe. I long ago said that we were a nation of mystic materialists. We have fought our way across a continent. Our fathers strewed their bones across that continent like mile-posts. We have bored the mountains; we have capped the rivers; we have made the farms; we have drilled for gold and iron and silver and copper; we have challenged this continent to hold from us its secrets, and we are proud of the achievement in having, to the extent that we have, conquered it. But that is not all there is to the American. He has something deeper and something more real in him than that. He has ideals, he has a sense of justice. He has a love for mankind, he has a sense of self sacrifice: and that is the kind of a day that has come upon us now when all the virtues that are not materially fixed and all the virtues that are materially fixed shine forth in the cause of

I came across the continent some years ago with a distinguished statesman from one of the oriental countries. He told me of the progress that had been made in his country, the building of railroads, the building of ships, the improvement of cities, the development schools, and the enlargement of man's general vision. He ended by saying that they were becoming quite a Christian nation. I said, "You do not mean to say that you are accepting any of the dogmas of Christianity?" His reply was, "My dear Mr. Lane, Christianity is not a set of dogmas; it is a commercial system."

Like every epigram, that had an element of truth in it. Under Christianity and under this civilization which we call Christianity, there has been developed a great commercial system, the most successful that the world has known, but that system has something in it besides barter and trade; it has in it all of the elements that make man noble, because it is founded upon two things, a sense of justice and a sense of absolute good faith.

The business men's war convention represents the business men of the United States in a protest against international bad faith. It showed to the people of the world that there is a new philosophy in this world, a philosophy that is not putely the philosophy of commercialism. It is a new day in the world, a day in which men will be sized up and appreciated not for what they get or what they have, but for what they give.

If the representatives of American business feel, as I believe they do feel, that the cause for which we are fighting is the cause of rightcousness, and if they lay at the feet of our

I suppose he could have gone further, it an English premier or statesman would be allowed to do it, and have said that the United States never fought a war in which it was wrong or stood for the wrong thing,

The first thing that the American business man must get into his mind is that we are at war. All of our people must have that sense. War has been declared. We have determined upon that. It has not been an accident. And there is no appeal from that determination. The people, through their representatives in Congress and the President, have made that declaration, have come to that determination.

We are against Germany because of her aggressions upon us and upon the world. We are against a Germany that broke her faith with us. We are against a Germany that pretended to fear Russia when she knew that Russia did not have one-half enough rifles to arm her soldiers nor one-half enough ammunition to keep her army in the field for three months, nor one-half enough jailroads to carry those munitions. We are against a Germany that, against her own pledged word, sank ships that we were sending to save the starving Belgians.

We are against a Germany that pretended that she was angry at us because we allowed the Allies to borrow money in this country when she knew she had borrowed money here herself as long as she could, and grew angrier still because we sent munitions across the water, knowing that that was an international right which she herself had exercised. We are against a Germany that has for its national policy the turning of the hand and thought of every nation against every other nation in the world.

We are against a Germany that has for its

military policy terrorism and against a Germany that has for its naval policy such then let us be large enough to say, "That fear United States. They may not get out of their war convention any one complete thing shall be put away; we will give hostages in that they can say they will do for the sake of horrors as we have read of in the last few years order that you may not fear. But we fear you, and we require that you give hostages our country; but they can make clear to every man whom they see the momentous signifiin the papers, the outrage upon neutrals, a flagrant piracy, and a brutality unheard of in the day of piracy. Why is Germany in this position. Because she does not know what the return of against the day of cance of this great war to this country and to the world. They can say to him that that man is a traitor, that man is false to his oath such a calam trophe friendship means. She asks her friends to do services for her which would dishonor them. to our Constitution, that man is false to the So I say, first, get into your own minds the thought that the Germany we are against is a law and institutions of our country, who does not at this time bend every energy, financial Germany with which we cannot live. We and social, to bring about our success. We are not asking for the glories of war must have a new Germany. If there is a No war has ever before been carried on which better Germany, we will welcome it. If there is inside the soul of that Ger-many a better Germany, let it come forth; let it say to the world, "We know that the day of imperialism is We know that the world is no longer to be managed and controlled and dictated to by a government and must have heart-breakby soldiers. We know that the ing; we know that we must suffer as pire is idle. Even Napoleon cannot long cast his we have never suffered before. We power across this world. We want know that we to play with the must pour out nations of the world. We want to be the friends of the prise, that we must go down into the very valley of the shadow of death benations of the world, and we want to play the twentieth century game under twentieth century rules." If Ger-many will say that, she will be welwe have played the part of men. Our boys are going to fight for us, comed with open arms. I was reading my Caesar the other night. It is just nincteen hundred years ago since Caysar drove the Germans out of France: and when they came asking for terms he said to them, "Go back whence you came, repair the damage you have done, and give hostages to keep the peace in the future." The problem of today is If there is one danger that threatens the future." The problem of to-day is not unlike that; but it is the prob-United States, it is not the danger that our our guns will not hight. It is not the danger that our guns will not be as great, it is not the danger that ships will be sunk, it is not lem of world statesmanship to discover what are those hostages and what kind of hostages can be given. In old barbarie it is the danger days, they took that lies in the high men, the lords and the princes and the generals and kings, as hos-tages, Germany imitated that somewhat when she went into Belgium. We have outgrown such a practice, but we can have no victory until

"The American business man should have embrined in his office the figure of a man in blash. And when there is question as to the basis upon which he should deal with the government, whether he should take all the traffic will bear at a time when the nation's life is at stake, let him cast his eyes towards that boy in uniform and ast, 'What would you do? 'We know the naswer; that hop would say. 'The sacrifice I make is one I expect my father to make.'

many can give to insure against the return of such calamity as has fallen upon the world.

we know what hostage Ger-

That will not be any humiliation to her. You and I have given hostages. That is the condition upon which men live with each other. It is simply the establishment of a practicable relationship between man and man. You and I pledge something sacred to each other and if we outrage the common law, then we surrender that. And so we say we must have hostages from Germany in some form. If Germany says, "We fear the world"

as we are in." Could there be anything more just, anything that would commend itself more favorably to man's conscience?

American business men may not get out of their war convention a single concrete idea as to what they can do that they have not done. It is a matter of the supremest pride to me and to every man in the administration to say to the representatives of business in the United States that no other class of men has shown quicker imagination or a more perfect patriotism than the business men of the was so unselfish as this, although it has a very serious personal aspect to us as Americans. We are not asking glory, We know that we must go through the valley of the shadow before this war is closed. We know that we

> our millions and our billions of money, that we must give up great dreams of enterfore this thing is cast from us, but let us do it heroically and let us know that

The sea has borne boys who are near to the battle front. It will bear boys by next year. If business men ask what their duty is, I say to them: look any boy in khaki in the face and ask him what your

the danger that we will not have acroplanes. It is not the danger

that our generals will not have strategy-

discontent with domestic conditions: and the business man of the United States must take to himself .this thought, that he can prove his lovalty to America and to the flag more surely by being loyal to

himself in the fixing of prices, in the marking down of the shoelace, and the loaf of bread, the hammer and the hatcher; the shoe, the coat, the beefsteak, all the com-monplaces of life. There is no business man in America to-day who does not carry in his hands the future of this war. If he is loyal to his ideals, if he loves the flag as he says he does, if he is true to the boy in khaki, then he will see by every power that there is in him,-by persuasion, and by insistence, that no business man turns into an I. W. W. This is a new day, I say, when men are proud not of what they get but of what they give. And business men must give, as I must give, whatever is necessary to the success of this great venture. The other day I had a letter from a girl with whom I went to school 30 years ago. This girl has been a widow for 40 years. She has spent those 20 years as a school teacher struggling to educate two boys. She said "Those boys have gone into the army. Tell President Wilson that I am proud to be able to make such a gift in the cause of humanity and justice." That was the greatest sarrifice humanly possible for her or for any of us to make.

A few days ago I was up on the Maine coast and met a man who was a veteran of the Civil War—83 years of age, Major Henry L. Higginson. Major Higginson was offered a fear. He said, "No; I have sworn off smoking and drinking during this war. Every cent I have goes into Liberty Bonds or the Red

Cross."

Cross.

A month ago I met Robert Lovett, the Chairman of the Board of Directors of the Union Pacific Railroad, and he said, "I must leave you now, I am going to New York to say good-bye to ruy boy, who is going to France as an aviator, and I shall be back tomorrow night to take my desk as a member of the Priority Commission under the government."

Those are the fine things that come out of a situation like ours, but they are no finer than millions of sacrifices that are made by the humblest people, those of whom we will never

hear.

So I say that this is a great day for us. It is a great day for the American business man, and when he asks, "What is my duty? What can I do to aid in carrying on this war?" he should have enshrined in the corner of his office the figure of a man in khaki. And if the question of conscience comes up as to whether prices should be raised, as to the basis upon which he should deal with the government, as to whether he should go upon the theory that the law of supply and demand is in full force and effect in time of war, as to whether he can take all the traffic will bear at a time when the nation's life is at stake, let him cast his eye towards that boy in uniform and ask "What would you do?"

WE know what the answer would be. That boy would say, "The sacrifice I make is one I shall expect my father to make." If you want to know what is your duty, and what he can du to further this great enterprise, then cast your mind forward ten years, fifteen years. What do you wish your conscience to say? Do you wish your own conscience to say to you, "In the time when all great things were in the melting pot, nations and peoples and institutions and great principles, I devoted myself to self interest,—I thought of those things which my mind had been bent upon for the last 30 years alone; and I said to myself, 'This is my opportunity, and to seree one control but to serve myself.

and I took advantage of that opportunity,"
Do you wish your boy, when he is asked how his father spent this time of war, to say shamefacedly, "I went to war and took my chance. Father stayed at home and made a fortune." Where are the boys to-day who boast of money made in such a way in a war that ended fifty years ago! If there is opportunity then unjustly against our country, he does not dare to rise. So let it in the future. Let every boy in the United States understand that the nobility and chivalry that are enshrined in the hearts of the fathers of this land.

We must make war upon a business basis. War is turned into a combination of machinery, engineers, chemistry, transportation. The man and his spirit come highest above all, but business, not the business merely that controls capital, but the business that makes things and can do things, that business is supreme. And so we appeal to business mens mere and so we appeal to business mensurements.

on behalf of the pation.

on behalf of the nation.

A few days ago I took a trip in an aeroplane. It is a good thing once in a while to
go up in the air provided you do not stay there.
I left on the ground the manager of a great
corporation that had made the machine in
which I was flying. Standing beside him was
the mechanic who put together that machine.
Is there any significance in the fact that, when
I got up 1,000 feet and looked down, I could
not distinguish between the millionaire manufacturer and the mechanic?

We have come upon a day when men have but one test—can they be of use? No man is entitled to anything that he does not use for the benefit of this country and of the world. That is a new philosophy, but it is a philosophy that is growing in strength every year, and a philosophy that this war will endorse and show

the necessity for.

THE man who is of use, the mechanic who Knows how to do something with his hands, the millionaire who knows how to use his money for the benefit of mankind, the aviator who knows how to fly the machine,—those are the men who mastered the twentieth century. Those are the men who will win his war; not ignoring one and giving all the glory to the other, but accepting all as stand-

glory to the other, but accepting all as standing upon a parity.
We are but human beings, all of us; and in a time of great crisis we realize how insignificant is the fact that we have made fortunes, how insignificant is the fact that we are regarded as successful men in our own local community. The boy that dons the uniform and goes to the front gets greater glory than we do because that boy is more needed, perhaps, than we are. And so let us give all honor to those men who accrifice what they can and what they have for the coming of a better day throughout this world; a day in which we can take hold firmly of the hands of every nation, a day in which we will realize that man

government, that government lives for man and is his servant, not his master.

The Russian ambassador has a message for American business. Treat him like a brother. He comes from a nation that is rising as we once rose, going through all the travail of birth, struggling up and up to get its head through the crust and look into the sunlight. That man represents one of the great nations of this world with which we must live for centuries to come, with which for the last half century, we have lived in the closest embrace.

That nation war our friend long ago; that nation will be our triend long years to come. Fundamentally those people are like ourselves, because they too have an clement of mysticism in their nature. They are idealists, and the struggles we see to-day are but evidence of the idealism in their nature which is being given a

premature presentation to the world.

We helieve we are mystics, but practical. We want to see that mysticism suppressed—kept down—until it can become active, until it can be real and vital, and put into effect practically. So with the Russian people. Let us not lose faith in them; they are our hope. Our hope does not rely upon them alone, but I have confidence that out of that great religious nation on the other side of Europe will come a great people with whom we shall be proud to be friends for all time.

Those people have a deep religious nature, and in the corner of each house there is a sacred spot where there is an icon, a sacred figure; and all pledges of loyalty, all pledges of any kind which make for the welfare of that household or for the welfare of the state, are made before that sacred icon.

Let each one of us have in his heart a sacred icon. Let us make a pledge of loyalty before that icon—before that khaki figure, that boy, if you please, who has gone across the sea.

Let us regard him as the representative of this democracy for which we lought a hundred years ago and for which Europe is fighting now, because the war that they are carrying on is a war that we pledged them to. We are responsible for it. We gave them the gospel of freedom and liberty and democracy. It spread across the ocean to them; they took it up and made it their own, and in fighting with them, we are fighting with them who took up the sword on our behalf where we laid it down over a hundred years ago.

The business men of the United States are

The business men of the United States are the representatives of the spirit of our people, which is a spirit of adventure and a spirit of enterptise. If they will do their duty as they have done it in the past five months, it they will show the spirit in the future that they have shown in the past five months, then our flag will be as proud to us five years from now as it is to-day, and a man will say, "I am an American Citizen," not as an evidence that he has power, but as an evidence that he can sacrifice nobly for the things in which he believes.



Steady Business to Meet War's Shock

Not Only Steady It, Must the Government, But Encourage It, That Business May Back the President with all Its Genius and with all Its Power

BANKERS and other business men face, in this war, prodigious problems that may mul-

tiply as the conflict proceeds.

That they will cope with these problems and solve them with the government's aid is not to be doubted by any who know their patriotism, courage and resourcefulness. All they ask is cooperation of federal and state authorities that will allow such a degree of latitude as will avoid crippling industry. The roll of America's killed and wounded can be held down to the minimum only by keeping the vim and vipor in business until we are victorious.

A full measure of permanent cooperation between the government and business deserves an especial plea, for if there is lack of a same working basis, prejudice, suspicion and discriminating legislation and regulations upon the part of the one will result in uneasiness and unsteadiness of purpose upon the

part of the other.

There was never any other time in our history when the government so urgently needed the help that it will receive from an undiminished effort to reach maximum production in all industries, for every pound of material that can be turned out by all the mines, mills and factories can be used, and then, I fear, there will not be enough to fill all needs.

Even now there are unmistakable signs of hesitancy. Business men are afraid to place orders because they do not know with sufficient certainty what the policy of the goverument upon many subjects vital to the safe conduct of busiaress will be, or when those policies

Stability and stairness in laws

and regulations, and fewer legislative changes, will enable business to get its bearings and put its entire strength back of the President. The best element in Congress and the various legislatures, the element that stands for progress and the accomplishment of those things that are worth while, can perform no better service than to prevent the enactiment of laws and the enforcement of regulations that are too harsh and restrictive.

Uncertainty, the mother of fear, breeds timidity, halts business, and, if not removed, results in depression. There is no occasion for worry if the policies adopted and carried out are wise and definite, and made known without too much delay. There is abundant cause for worry, however, if this should not prove true. We might as well face the proposition squarely and unfinchingly. The nation (and business is part of the nation) that decreives itself, fulls itself into a false belief that it can withstand the shock of dire threats

By GEORGE M. REYNOLDS

President, Continental and Commercial National Bank of Chicago

of all manner of regulations and of conscription of property and income, submit to delay as to when or where such threats will stop and how many of them will be carried out—the nation. I say, that misjudges the effect of that sort of talk and assumes that all will be serene, is lost in any great undertaking. Therefore with all the earnestness of

with all the earnestness of loyal citizens, let us importune Congress and the administration to settle these matters of doubt-speedily, with the facts clearly in mind, and cooperate with business by giving it that encouragement that will enable it to go ahead with determination and confidence.

WHENEVER prejudice is injected into the settlement of any question, trouble begins. In the past, too much prejudice has been engendered

ngainst big business. For the
sake of harmony
and efficiency, no
more attacks
should be aimed at business merely

on account of its size. Heretofore there has also been much restrictive legislation against business on account of the magnitude of some of its units. We are more enlightened upon this point now, and there is more of a disposition to encourage the great manufacturing and nercantile enterprises as a patriotic

> This is no time for partisan politics. Party differences should be confined tofundamental principles, and

should not be permitted to descend to the petty quarrels of obstructionists. Presidents Wilson is broad-gauged, and is cooperating with business in such a way as to inspire the greatest effort upon the part of business men. This cooperation is rapidly overcoming the baneful influence of past persecution. It is demonstrating how very much better business might have prepared to do its part if it had been less subject to attack in recent years.

We are facing forward, and should now and forever wipe out all these damaging notions about business needing a particularly strong brand of legislation and regulation simply because it is big. What would we do to-day without the tremendous aggregations of capital engaged in transportation, mining, steel making and lumbering? We should be at the mercy of the enemy, for, stripped of these concerns of great size, it would be utterly impossible to get deliveries of copper, iron,

steel and lumber in sufficient quantities. We must have big business, and the bigger the better in this war

In all my talks with business men I have found no intimation of a disposition to hold back, nor have I heard one word of criticism by any business man regarding the amount of money being spent by our government in this war. The reverse is true. Unreservedly and patriotically they are supporting President Wilson.

The way the railroads are pooling and coordinating their efforts affords a striking
illustration of what is being accomplished.
Transportation officials were aware that the
extraordinary requirements for the shipping
of larger and larger quantities of all classes of
freight and the movement of troops would
overwhen the common carriers unless concerted action were taken. Individualism,
even in railroading, must give way to a degree
while the peril lasts. Plans were well laid
and skiffully executed. Mr. Fairfax Harrison
recently gave out the information that with
only 3 per cent more equipment, nearly 26
per cent additional freight service was readered in June this year compared with the
same month in 1916. A selfish purpose to
act independently of each other never would
have enabled railroad men to make such a
splendid exhibit.

A CORRECT and lasting solution of the problem of prompt handling of freight will have direct and extremely important bearing upon the various questions with which we shall have to deal before the blight of Prussianism is removed. From numerous authoritative sources I have recently been informed that the two worst hindrances to obtaining materials and filling orders are insufficient transportation and inefficient labor.

For many years I have tried without bias to study the rate question as related to transportation costs. I speak without bias because I am neither shipper nor railroad operator, but president of a bank that numbers among its customers extensive shippers and leading railroad systems. All along I have wanted to see both prosper, on the theory that inadequate earnings of one meant receding profits for the other, and that we must all prosper or submit to depression together. If too much of the shipper's profits were exacted by the carriers, business would be discouraged. It appeared equally true that if the revenue of the railroads were held down to a mere pittance we should all suffer the inconvenience of blockades and delays due to inability to continue repairs and improvements and maintain rolling stock in the face of a fixed charge for service that was constantly costing more on account of steadily rising prices.

The common carriers were not permitted to earn the money with which to enlarge and keep pace with the progress of the country. Their credit became impaired and they could not borrow on favorable terms. To a certain extent investors lost confidence in their securities. They appealed for relief from this unbalanced situation but for years met de-

termined opposition. Necessary measures were not adopted, and to-day we are handicapped. All kinds of supplies for which the call is urgent are unavailable. They simply cannot be moved to destination promothy.

Attention is drawn to the widespread harm done by this mistaken policy with a view to pointing as forcibly as may be to the imperative need of earnest cooperation between all the different branches of business, productive and distributive. Had there been a larger measure of cooperation between shippers and railroad officials and the rate-making bodies during the past several years, our troubles would be less serious to-day.

The barrier set up by individualism, unjust criticism and antagonism is not nearly so insurmountable now. Some progress has been made, even in settling the railroads' troubles. and some relief granted through higher rates here and there. For the period of the war, at all events, I hope shippers and commissions will study the question not so much with the idea of saving a few cents or dollars in freight as with the purpose of enabling the railroads to collect the revenue required to put their properties in condition to render the maximum of service with despatch. Until recently the various commissions and governmental bodies have been opposed to allowing the railroads a margin for expansion and repairs and a surplus for lean years. One of the ills with which we are now afflicted grew out of the fact that the animus of the laws passed and the regulations enforced during the last ten or fifteen years, affecting railroads, has

I do not want to convey the impression that I am leaning towards government ownership. That would make bad matters worse, for it is acknowledged that public management of any business enterprise is far more expensive and far less efficient than private management.

been restrictive rather than constructive.

Look now at what the bankers and bond houses have done. Here I can point to quite as much unselfish cooperation upon their part, and in one transaction, at least, cooperation that involved heavy expense. They knew the law stipulated that no commissions should be paid for floating the Liberty Loan, and that the provision for expense was so meager, considering the magnitude of this piece of financing, as to preclude reimbursement for even the postage they might use in connection with the sale of the bonds. Still these men formed big groups, took their salesmen out of the regular bond market and labored night and day to secure full subscription to the loan.

A addition to their usual functions of supplying the normal demands of our own population and the unusual burdens of furnishing the tremendous quantities of food and equipment for our armyand navy, upon the business men of the nation rest certain responsibilities in the matter of helping to mould a sound public opinion on very vital topics.

Now is the time, above all others, for us to follow economic law and common-sense principles as our guide. We know that wars create extra hazards, without as well as within the zone of actual danger. There is more of uncertainty in the routine of everyday affairs when nations are arrayed against each other. There arises a pressing demand for the implements of war: for things that require special tools and machinery which will be worth little more than scrap after peace is declared. Munition plants are essential, and somebody must take the risk of their erection, knowing that when hostilities cease their value practically will be destroyed. The furnaces and into a contract of the contract of th

their plants, thereby taking the chance of developing a capacity far beyond that warranted by ordinary conditions of trade, and of being caught with heavy tonnages on hand, made ready for delivery on a high cost basis, when the possible slack comes at the cessation of war demands. The uncertainties of war are such that no man can foresee the day of recloping.

Wages increase and production costs rise. During the ancient conflicts at arms, as well as the Napoleonic and Civil wars, speculation and inflation occurred, food and merchandise grew to be scarce, prices rose alarmingly and there was much complaint. These things have happened recently, and wise treatment of the problems they present is vital to the success of the Allies. Business men who, by reason of years of experience and daily study have intimate knowledge of the matters involved, should have something to say about the method of settling them.

WE must not lose sight of the fact that in times such as we have witnessed since August 1, 1914, two important elements in price making work in inverse directions. That is to say, consumption of food and the use of materials by men at the front increase greatly over what would be the case if the same men were following their regular occu-pations. The diversion of materials from customary uses is enormous, and there is a heavy drain upon productive forces by withdrawals from the ranks of the workers to send men to the front. Up to the present, due to intensi-fied effort, with all our men employed at the highest wages of which we have any record, we have added to our own output, but this is not true of other leading export countries. Aggregate production, the world over, is diminished, and everybody scrambles whatever is on the market. The buyer virtually names prices.

The rise in prices has been due

partly to speculation, of course, but

mostly to the law of supply and demand, which, in the long run, is the only logical regulator. I can readily understand, however, that with conditions strained as they are now in all civilized countries, there might be an excuse for attempting temporarily to set aside the complete control of this law. I agree with those who contend that prices may go to an unbearable level, to a figure that would place the necessities of life, or of business, which in its broadest sense and under our complex civilization, is so necessary in sustaining life, where

some power must step in and say the public welfare is endangered. It is conceivable that a condition might be reached that would crush the power of the nation through inability to obtain food to noutrish the laborer and his family and materials to keep the wheels of commerce turning. Heretofore, the approach of such a calamity has always developed its own preventive through either enlarged production or decreased consumption. We are not planning drastic or ruinous price reduction on what the farmer produces, if the action relative to wheat is a criterion. The price on the Chicago market has been set at

nearly three times the average prevailing before the war. On the contrary, by stabilizying and guaranteeing values based upon conditions, we are trying to stimulate bigger crops. This follows the law of supply and demand and in all our price-fixing we should not deviate far from that law. Without any wish to disparage the tiller of the soil, it is common knowledge that he has not been a heavy contributor to the income tax. He will not have to bear the brunt of this tax in the future. Yet price reductions on what he will have for sale have been moderate. To this you may say food is a necessity, and, I answer, so is the vigorous and unhampered conduct of business in the present emergency.

PAILURE to give due consideration to all angles of price-fixing will work untold mischief. We are on a high price plane. This is true of wages, rents, products of the farm and practically every kind of merchandise. Stocks have accumulated upon this basis. If we compel the maker of hardware or shoes to mark down his goods to pre-war figures, in fairness he will reply that such action wil force him into bankruptcy unless he can reduce wages and all other items of cost. We have every reason to believe the latter to be impossible of immediate accomplishment.

Unless there is to be disorganization and demoralization, we must recede from the present level gradually. Any other way would be unsound, and would produce chaos where order is so necessary. Let business men seriously and patriotically cooperate to create a sentiment favoring a wise course, one that will prevent a deadlock due to extortion and at the same time insure reasonable profits on the basis of conditions and the risks assumed. If prices were forced materially lower at one

stroke, two things would happen.

The percentage of earnings subject to the excess profits tax would decline, and there would be a shrinkage in the volume on which earnings would accrue. So that there would be a cumulative lessening of the sum the government expects to receive from this source. To my mind this argument is absolutely irrelutable. You cannot ent a foot from the yardstick and still

have three feet left. Neither can you cut too deep into the source of profits and still have excess profits left for the as-

sessment of taxes.
Closely related to price regulation is the excess profits tax. There has been so much discussion of the scheme of taxation which we are inaugurating and so much delay in definitely fixing the rate, as to

hold a very considerable volume of business in abeyance. The plan is practically new, goes as far in our first year of war as England has gone in her third year, and is founded wholly upon theory except in so far as we may be guided by the unseasoned experience of other countries during this present war. I am honestly disturbed lest if we err it is apt to be upon the side of attempting to collect income and excess profits taxes that will be too large in the beginning. Admitting that there is reasonable ground for a big tax which will absorb some of the excess profits and prevent overexpansion, at the same time we are experimenting, and if we overstep and take the heart out of business we shall defeat the end in view. There is grave danger here. Let Congress proceed cautiously with any additional plans of taxation during this trying period and make haste to amend any measures that may threaten staenation.

A recent news item from Washington stated that the radicals urged excessively high taxes on wealth and big business to relieve the middle class and little business. Do they not know that if the wealthy and big business are oppressed and barassed through excess taxes and price reductions that are beyond reason, and depression is brought upon us, the poor and depression is brought upon us, the poor and middle class and little business will be the real sufferers? Having less power of resistance, they will be the first to feel the pinch of hard times. It will be like a panic or fire. The strong are able to take care of themselves, but the weak go down in the crash.

W.E. are not fighting for ourselves and our. Allies alone but for future generations as well, and in all fairness the burden of financing the war should be divided. Those who come after us and will enjoy the freedom secured through our contributions of men, materials and money cannot object if we transmit to them the privilege of sharing in the cost. If repayment of the extraordinary amounts raised to carry on the struggle be spread out over a term of twenty-live or even fifty years, no injustice will have been done those who may be required to retire the last of the bonds. Precedents approve this course. For decades after the Civil War we were paying taxes to settle the cost, which was infinitesimal when compared with present day disbursements. We ought to be as fair to ourselves as to our descendants.

There is one detail that is fraught with too much danger to be overlooked. The plan to be followed in collecting revenue for the government should cause as little disturbance as possible in the financial world, and therefore it seems to me that quarterly payment of taxes should be arranged tor. It is easier to pay five hundred millions each quarter than to pay two billions at one time. Many industries are using not only all of their capital but all of their credit in the conduct of their business, and to be called upon to pay a large sum of money out of earnings that are still in the process of collection will work a hardship upon business men and strain the resources of

SO far as is practicable, we should strive for an equitable distribution of the Iruits of labor and industry. We cannot deny that labor deserves very careful handling if we are to get the best results in all directions, and business men can well afford to devote much time and effort to improving the relations of employer and employee. A clearer understanding by each of the problems of the other would be most beneficial. We must all surrender some of our preconceived notions of our individual rights touching the service we owe the community when threatened by a common and powerful adversary. There must not be any laggards or slackers anywhere in the ranks of the army of business or of labor.

There is an urgent need of speeding up. We are constantly trying to induce the farmer to cultivate more acres with a thoroughness that will enhance the yield of his crops. We plead with the owners of coal, fron and copper mines, steel mills and smelters and the factories for a larger output in order that we may help win the war. Why is it not fair to ask labor, as a patriotic duty and a war messure, to consent to some changes that

would be of incalculable assistance in ridding mankind of the yoke of oppression fashioned by Prussian overlords?

No one claims that there are not occupations and trades wherein the tension is so great and so much centered upon certain nerves as to injure the operative's health if the hours of employment exceed eight. Under such circumstances, eight hours should constitute a day's work. There are numerous occupa-tions wherein this is not true; and in these there is absolutely no reason why laborers should not, so long as the war lasts, focus attention upon increasing hours of labor and output. I do not advocate the denial of the best possible working conditions and just compensation even under the stress of war, but some things are impossible and not to be expected, and we should all be willing to make sacrifices to render effectual the efforts of our armies and lessen the loss of life and limb among our young men who go to the front.

There will be much unavoidable interference with production through many skilled
laborers in office and factory being taken away
to make up our new national army. Unskilled labor must be broken in, and new and
different conditions will prevail in the factory and in the office. As a friend and wellwisher of labor. I am glad to say to its leaders
that if they will declare for the open shop the
country over during the war, that declaration
will. I believe, prove a master stroke. It will
win for labor the applause of the entire American people, and will not rob it of the right to
revert to union shop agreements when the
war is over, for at that time, out of gratitude,
the people would back up labor in its claims
for union recognition.

It is common knowledge that the tendency has been to restrict the quantity of articles or prices turned out per day per man, on the theory that this policy insures more jobs. Now, however, there is a shortage of men, and the country sorely needs greater production. If we could have in the various manufacturing establishments a revival of the old spirit of wholesome rivalry respecting the amount of work each man could do, it would be of inestimable advantage, for it would nearly double the capacity of many plants.

No matter what other troubles we may or

No matter what other troubles we may or may not have to contend with after the war, the readjustment of labor will present many and serious obstacles. Wage scales are high and constantly advancing. Labor's demands daily become more exacting, and it will be no small matter to secure agreements that will permit American manufacturers to compete with those of other countries where labor costs always have been much less than here.

WHILE centralized power is now needed, we must not lose sight of the important fact that this centralization is assuming proportions far beyond anything that we formerly thought possible in a democratic country. It will be extremely difficult to free ourselves from the effects of this tendency. We cannot dispose of the subject by saying that all of these grants of power are war time measures. Some we shall have when the war is only a matter of history. There will be commissions and other governmental bodies almost without number, with which we shall have to deal, and an ever-increasing attempt to regulate business. These things may materially interfere with that freedom of action which formerly enabled us to make such wonderful strides as a commercial nation

The natural result of government financing through the sale of bonds to the people will be to transfer money from the West and concentrate it in the East. Since the West will have

no effective means of replenishing its stock of money, except through the sale of live stock and seasonal crops, the tendency will be to create a scarcity of funds in the West and a congestion in the East. This can be largely overcome if government orders are well distributed throughout different sections of the country.

It is not so much a question of favoring one city, state or geographical division as against another, as of maintaining the equilibrium of business in all parts of the country. This course will keep the West in funds with which to pay for future issues of Liberty Bonds.

In our entire history we have not had to deal with so vital a problem as the one presented by this war, and decisive victory for the United States and its Allies is the essential point upon which all our energies must be concentrated. It is so vital as to overbalance the ambitions of individuals and groups. It is therefore the solenn duty, of every business man, no matter in what he may be engaged, to emulate the example of the hundreds of thousands who have already subordinated their own business, their own interests, to the one great task.

As already stated, organization for, the supplying of munitions, rations, etc., to support the men in the trenches, is the second essential in this great struggle. It behooves every man, therefore, to exert himself to the utmost. No matter what previous opinions we may have entertained; no matter what way charge to lack of cooperation between government and business in the past, nomatter what our own ideas of the luture relations of government and business may be, our paramount duty for the present is to rise above all selfish considerations, all jealousies, all prejudices, and give the nation the best there is

If Business Is To "Carry On."

(Concluded from page 18)

Washington to suggest the problems which are to be worked out? There are connum problems in Washington. Those affecting business are but a part of the difficulties with which our public officials have to contend. You cannot expect government officers to recognize the problems of business with the same case and facility that men engaged in commercial pursuits can be the men who are acquainted with them.

If American business men discuss these problems, and reach a conclusion as the remedy which may be applied (such a conclusion as has been reached by those who have studied the situation carefully in Washington), we believe that order can be brought out of this chaotic condition much earlier than it will be brought by the natural course of events.

MUCH can be done if business men approach the government and point out that business is willing to submit to control in these times; that they do not insist upon full freedom of action when winning the war is at stake.

If that is done, cooperation can come about between business and the government. Business will no longer be on the opposite side of the table in any negotiation. Business can sit side by side with the officials of the government in an effort to solve these problems of procuring the war supplies in a manner to disturb as little as possible essential industrial life and established social and economic conditions.

Thawing That Frozen Here's a Device that is a Sheet-Anchor to Windward for Those Book Account Who Sell; a Help to the Man Who Pays His Debts, and a Terror to Him Who Doesn't

By LEWIS E. PIERSON

N its efforts to develop better business for the nation, the Chamber of Commerce of the United States has distinguished the trade acceptance by selecting it from the entire national field of commercial methods and expedients and giving it prominence in the discussion of the most pressing business

Rarely has a detail of business practice been so honored. It finds a place among such food conservation, foreign trade, banking and finance, readjustment of industries, land and water transportation, and other equally important, all national, and all bearing strongly upon the great question of the hour-how can American business be most helpful in

winning the war?

This unusual distinction has not been conferred merely as a concession to the popularity of the acceptance, nor because of the facility and economy which it suggests in connection with business, but because of its national importance, because it is the controlling factor, in the proper development of one of the nation's most vital resources, commercial credit.

Another fact well worthy of attention, but which frequently is overlooked, is that the issue at stake is altogether too serious to permit of its development being interfered with by objections based upon narrow and selfish grounds. The man who, in a spirit of selfishness, objects to the trade acceptance on the ground that it may disturb certain unearned privileges or advantages which have come to him in one way or another, should receive scant consideration from any body of men engaged in dealing with business subjects of national importance, and particularly in times like these.

In considering the trade acceptance for general use, it should not be necessary to make any stronger plea in its favor than that it will create better business. This would mean simpler and more logical business relation-ships. The producer, the manufacturer, the wholesaler, the retailer, the final consumer, in the necessary and constant contact which grows out of credit relations, would meet upon a basis in which both equities and responsibilities would be scientifically adjusted.

It would appear that a great deal of the present general lack of knowledge concerning the merit of the acceptance is the natural result of an imperfect understanding between business men and bankers as to just whose particular duty the development of this new method really is. Business men appear dis-posed to assume that, if their commercial paper is not entirely satisfactory, the banker will call their attention to that fact. And bankers are too prone to treat commercial paper merely as a commodity which business men have to sell, and its standard of excellence a matter in which the bank should assume but little interest.

The business man does not appear to realize that he is the creator of his own commercial paper, whose quality, resting entirely with him, is a matter of much greater importance to himself than to his banker. The banker.

on the other hand, does not always appear to realize that the usefulness of his bank to the community can be measured best by the quality and convertibility of the paper taken into its assets, and that effort on his part in the interest of an improvement in this quality and convertibility surely will be reflected in the bank's profits and in its usefulness to the business community as well.

Of course both business men and bankers are wrong, and their mutual attitude tends to interfere with the development of the present critical situation, in which both possess vital interests, and for the future success of which both properly may be held responsible. There should be no question of either waiting for the other to assume leadership. Their interests are identical, their duties obvious. And now

is the time to act.

After all, the true relationship between business and banking is much closer than is gener-ally realized. The bank, in a very important sense, is only a facility created by business, for the convenience of business, to provide a proper means whereby the commercial community most effectively may utilize its great

asset, commercial credit.

It is obvious to the business men of the country that any improvement in the condition of banking will aid in the development of their own business, and that the more effective their aid in making banking assets fully liquid, the greater the benefits they are bound to receive from banking. It should be clear, also, that unless, in the conduct of their affairs, they produce a class of commercial paper which can move through banking channels freely and economically, constantly rendering banking conditions more flexible, the bank's value to them will be materially

THIS brings the trade acceptance home to the business man in a way which should leave no doubt in his mind as to its merit. The Federal Reserve Board officially and emphatically has designated it as the best commercial paper in the field, concedes pre-ferential rediscount rates to all acceptances conforming to requirements, and has expended unlimited effort to make clear the merit of an institution so obviously meritorious as to appear beyond the need of demonstration.

A grave situation confronts us. The stress of war conditions already is forcing the realization that immediate preparation must be made for the fullest possible utilization of the nation's commercial credit facilities, and that more liberal use must be made of the Federal Reserve System. This means that the business of the country must convert every dollar of credit value into usuable form, so that banking machinery may be expanded to care for the unprecedented demands to be placed upon it, and to play its full part in winning the war and making safe our situation

Bankers, very naturally, are not disposed to disturb existing business conditions unneces-sarily, or to take any arbitrary action which might reflect upon the character of such a timehonored business institution as commercial

paper, but they realize that under the ex-traordinary new demands which the war is making upon the nation's resources there must be provided a better and more expeditious means of converting national commercial credit into usuable form. It is certain that in the immediate future banks will be called upon to use actively the rediscount facilities of the Reserve Banks, and to assume a vastly broader function and responsibility in connection with the rediscounting of commercial paper than in the past.

The billions and billions required by the government for war purposes with which we are confronted make this conclusion inevit-able. The temporary withdrawal from active business circulation of these immense sums of money will create a demand upon the banks which can be met only by a full and free use of the rediscount machinery with which the country now is so liberally provided. The business man's part in this emergency will be to create a class of commercial paper which will be capable of forming a staple foundation

for the support of this necessary financial broadening.

Clearly we stand upon the verge of a great era of financial expansion, and just as clearly only sound financial and commercial methods will serve the nation's purpose. With un-precedented increase in the volume of production, and with every evidence of an extraordinary extension of producing power,-with prices high,-out of all proportion with former conditions, and with an unlimited variety of war-produced elements of economic disturbance, operating to delay the process by which products are transformed into active value, the demand for a vastly increased capacity to finance the nation's business cannot be misunderstood.

Among the facilities which have been evolved by modern business for the purpose of changing commercial credit into a form which will support the activities of business, none has been brought to such a high condition of efficiency as the trade acceptance. Its proper use is limited to the expression of credit obligations growing out of the sale of merchandise. and within that field it represents a class of safety, facility, and economy not known to any other method ordinarily employed for the same puriose.

UNDER the definition given by the Federal Reserve Board, the trade acceptance is "a draft or bill of exchange drawn by the a draft or bin of exchange drawn by the seller on the purchaser for goods sold, and accepted by such purchaser," and a bill of exchange as here used is "an unconditional order in writing, addressed by one person to another, other than a banker, signed by the person giving it, requiring the person to whom it is addressed to pay in the United States at a fixed or determinable future time, a sum certain in dollars, to the order of a specified

If in the use and consideration of the acceptance this definition is rigidly adhered to, it will be possible to avoid much of the uncertainty and misunderstanding which in the past have tended to cloud the merit of this perfectly simple and easily understood method. If we depart from the strict terms of this definition, and attempt to endow the acceptance with merits and possibilities beyond those the Federal Reserve Board had in mind in providing for it, the situation becomes unnecessarily complicated.

As a preliminary, then, which will save time and avoid difficulty, each transaction which it is proposed to treat in acceptance form should be looked into with reference to the following points: Does the credit obligation concerned arise from the purchase of goods as defined by the Federal Reserve Board? Are the terms of the credit clear and unconditional, that is, does the credit cover a definite sum of money which, upon a definite date, is to be paid to a certain person named, or his order?

If it is found that the particular transaction conforms with all of those requirements, then, clearly, it should be covered by a trade acceptance. If, on the other hand, it should be found that any one of these requirements is not fully compiled with, the trade acceptance should be dropped from the case and some other form of treatment considered.

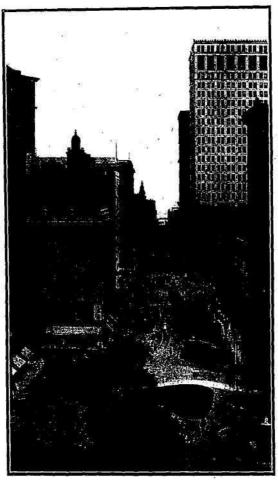
Just why an institution of such conspicuous and demonstrable merit as the acceptance should be obliged to light for a standing before the careful farsceing business man and bankers of this country is difficult to understand. Within its own field and for the particular purpose for which it was created, it represents merit impossible to find in any other method.

In the countries of Earope its domination in the held of commercial credit is undispated, its merit inquestioned. In the earlier days of our republic its use was general and its reputation excellent. In more recent times, since the creation of the Federal Reserve System, official distinctions have been showered upon it, and many of the great business concerns have stated that it serves their purposes in an emi-

nently satisfactory manner. And still business men and bankers must be shown!

I T may be that this condition is due to a perfectly honest conservatism in business and banking which has not yet yielded to the carnest but uncoordinated efforts of the few who, from its inception, have championed the cause of the acceptance consistently. It may

be that banking and business have been so impressed by our extraordinary national property that they have laided to realize that this prosperity has come, not because of our business methods, but actually in spite of certain of them. It may be that the difficulty is due



Every city has its Wall Street, and Detroit is no exception. Under the name of Griswold Street behold, the same old thoroughlare. Note in the foreground the bulls, bears, sheen, stenographers and office boys. Some with sac characterized Wall Street as the street which has a graveyard at one end of it and a river at the other. The only thing lacking here seems to be the graveyard.

to an honest, but unfortunate, difference of opinion as to the proper location of responsibility for initiative and leadership in the national effort toward the improvement supported.

suggested. Whatever the case and whatever the explanation, the time has arrived when business men and bankers alike, if they are to be consistent with either their own interests or those

of the nation, must assume the responsibility and expend the effort required in demanding and quickly securing for the acceptance the place and standing in the business of this country to which its merit entitlesit, and which the exigencies of the war demand for it.

Bad business is about the only consistent opwhich we can find in the entire field. It is perfectly easy to see why the business man who is not overly punctilious in meeting his obligations at maturity should be disposed to frown upon this institution "as a newfangled contraption which successful business has done without very nicely in the past and which it can do without equally well in the future. To him it is not pleasing to contemplate a general business situation in which men must pay promptly when the time comes, or else have their credit put to the severe test,-a public test it may be.

It is clear, also, why
the acceptance should
have no enthusiastic supporter in the individual
who bases his success not
upon sufficient capital
and sound methods, but
upon credit privileges
which come to him not
because of his merit, but
because the stress of conpetition has forced legitmate business to confer
upon him favors beyond
his deserts.

It is not in the least difficult to understand, either, why the acceptance method should not be viewed with enthusiasm by even the sound business man whose purchases under the present absurd open-book-account method actually are financed by the jobber or manufacturer, who would have it otherwise, but who is the victim of a vicious business practice which finds its only justification in the customs of trade.

But why any one-hundred-cents-to-the-dollar business man, or any banker who is able to appreciate the business reasons for the existence of his bank, should be unfriendly, or even indifferent, to the success of the acceptance, is a

phenomenon not to be explained by any line of reasoning for which modern business thought has any particular respect.

WHATEVER enemies the acceptance may have in the field of bad business practice, where dwell open book accounts, frozen credit, secret assignments of receivables, and kindred business evils, it has none but friends

among methods which in their operation recognize integrity, economy, consistency, safety, facility, and business efficiency generally.

As an alternative to the cash discount method, it works without a hitch. The most approved modern acceptance practice is that when billing a customer, the bill is accompanied by an acceptance in blank, with the suggestion that it be signed and returned unless the customer prefers to take advantage of a cash discount privilege stated. In this way all possibility of conflict is avoided. If the one method is selected, the other is not

IF trade discount enters into a merchandise transaction, the acceptance cannot be considered until the sale has been consummated, and a definite amount due agreed upon. Then, if all Federal Reserve acceptance requirements have been complied with, the acceptance may be employed. Otherwise, the obligation must be expressed in some other form, and again conflict is avoided.

Even the promissory note can afford to be friendly, because its own proper field of operation is so broad that it very consistently can leave to the acceptance the class of transactions for which it was created, namely, those which involve the purchase of goods.

It would seem, therefore, that logically, and as far as the requirements of national business generally are concerned, the merit of the acceptance method of treating credit obligations of a certain class is sufficiently clear to convince any reasonable mind. It will be found, though, that, in spite of this, the practical incorporation of the acceptance into the country's business practice, to the exclusion of less meritorious but better known methods, will require additional and more definitely convincing proof.

Business communities will not develop practical enthusiasm in this or in any other men business method until the, three best known exponents of business—the banker, the seller of merchandise, and the buyer—have been convinced that for their particular purpose the new method presents sufficient merit to justify the effort and risk involved in the change suggested. To them the test will be,—

does it pay. Some business men may be broad enough to include in their judgment the larger and national interest, but even they must not be expected to overlook any point

of importance in their own business interest. In the banker the acceptance should find an enthusiastic friend. From purely business consideration its merit should appeal to him powerfully. To him and his interests, its general use would mean a better business tone, higher business morality, safer business risks, sounder assets, cleaner commercial paper, greater liquidity, a broader scope of usefulness, and the diverting to the bank of profitable business functions which logically belong there, but which at present, under the antiquated and inequitable open-book-account method of treating credits, are performed by the seller of merchandise not only without profit, but to his distinct disadvantage disadvantage.

The business man who now sells upon open book account, and who suffers from the injustice which follows its use by his customers. should hail with delight the relief suggested in the coming of the acceptance. No other can realize as he the awkwardness and even danger of trade burdens which had their origin in bad business practice and which find their only justification in the sorry fact that business weakly allows itself to tolerate them. Why the manufacturer or dealer will allow his perfectly good capital to be tied up in frozen book accounts for unreasonable periods of time, determined by the whim of the buyer, when in the use of the trade acceptance there is suggested a means whereby each transaction virtually will finance itself, and be paid definitely at maturity, is a thing difficult to reconcile with the conceded eleverness of the American business man.

It is difficult to understand, too, why this class of business men should tolerate open-book-account evils in the form of indefiniteness, overdue obligations, bad debt and interest losses, disturbance of profit calculations, collection annoyances and expense, and the rest of a long list of undesirables, when every proper protection for their credit interests is provided in the accentance method.

The interest of the buyer of merchandise in the acceptance, although perhaps less clearly apparent than that of banker and seller.

nevertheless is a substantial one, particularly in view of the fact that in the series of commercial processes which extends from production to consumption, every buyer but the last is a seller, and every seller but the first a buyer. In this way every buyer except the ultimate consumer buys that he may sell, and hence in his attitude toward the acceptance both points of view must be included.

But to the seller as such, and without reference to any other function, the acceptance brings substantial benefits. It enables him constantly to measure his true financial power and thereby avoid the now almost popular danger of over-extension. It places him upon a basis of merit rather than one of dependence. It brings each credit transaction out into the open, and conters upon the buyer the benefit of public recognition of the merit of his on public recognition of the ment of an methods. The greatest benefit of all, how-ever, is that it tends to establish his credit definitely in the entire field in which his commercial paper circulates. His willingness to give an acceptance, knowing that it may be discounted, in effect amounts to serving notice upon the business world that he is able and willing to meet his obligation when due or take the disagreeable consequences. this way his business standing moves into the favored class which is now almost exclusively represented by the buyer who stands ready to take advantage of discount given for cash.

THIS somewhat general view reveals the situation which we must face squarely. We dare not treat so vital a thing as national prosperify upon a basis of personal convenience, or according to the traditions of a past which will find but slight resemblance in what the future holds.

We are at war, and we must consider how business can best help to win the conflict. In the last analysis, the real question is, how to make each American dollar most effective in the war trenches over yonder. Dollars can fight as well as soldiers, but, like the boys now marching away from us, they must be armed, not with the antiquated weapons of the past, but with the best this age of wonders can provide. Let us not fail to recognize the full seriousness of our part in winning the war.

First, Ships; Second, Ships; Third, Ships!

The Shipping Board—and the Rest of Us—Don't Much Care How They Come—But Come They Must!

RAYMOND B. STEVENS
United States Shipping Board

KNOW of no change in the sentiment of the business men of the country toward any department of the Federal Government at Washington, among the many changes caused by the war. that is more striking than that which the Shipping Board presents. When in the Sixty-Third Congress the Administration presented a bill creating a shipping board which should have the power to regulate shipping, and which should also have a small sum of money, 50 million dollars, to spend for the purpose of stimulating the American merchant marine, that particular bill had the most enthusiastic and unanimous opposition of the business men of this country of any important bill presented by the administration. In the first session of the Sixty-Third Congress the bill failed of passage through a filbuster in the Senate; and it was

not until nearly the end of the first term of this administration that the bill finally became a law.

The reasons for the opposition of the great bulk of American business men, not alone those engaged in shipping, but those dependent upon shipping and interested in shipping, are not far to seek. In the first place, the bill undertook to give a certain amount of power of regulation,—and I know of no business man who voluntarily and happily has accepted the prospect of Federal regulation of his büsiness; and the men engaged in the shipping business were, if anything, a little bit more strenuous and outraged in their opposition to the bill than men in other businesses. They said to Congress, "You can regulate the railroads because they are right here on the land and they cannot get away.

but shipping is a peculiar business, and one that leads itself to government regulation the least of any of the activities of mankind.

In the second place, the bill did provide for a certain amount of government aid to shipping, and the possibility of some government competition,—and that is certainly one activity of the Federal government which has, in peace times, at least, been strenuously objected to by business men.

But the law passed; and I think I may say to-day that there is no department of the national government which has had the more effective and enthusiastic support of the business men generally, and in particular of the men engaged in the shipping business, than has the Shipping Board.

I am going very briefly to state to you what the Shipping Board is actually doing; and, second. I am going to suggest one or two things in which this body of men may perhaps

give us some more assistance.

When the war began it found the Shipping Board with a very limited power of control over American shippers. The only power it had was to prevent the sale or transfer of American boats to alien ownership, and to prevent the chartering of American boats to aliens. It had a very limited sum of money, 50 million dollars, to spend for new shipping. The first thing, of course,

that was necessary was an increase in power in the Shipping Board, because it was apparent that shipping was such an essential element in this war that the control of all the shipping available must be in one federal department. Moreover, it was apparent that if we were to win this war, our first duty was to build all the ships available, of every type which might serve anywhere in carrying the commerce of the country-especially war commerce.

Congress in June appropriated, or authorized the expenditure of, 750 million dollars for the construction of new ships; and it gave the board power to requisition for public use any ships or shipping facilities that were now in existence. In the brief time since June the Shipping Board has practically either spent or contracted to spend the whole of that 750 million for new ships; and about ten days ago the board appeared before Congress and asked it to authorize the expenditure of over a billion dollars in addition to the amount previously authorized. It presented to Congress plans for the construction of ships to the amount of over 10 million tons within the next two years, at an expenditure of nearly 2 billion dollars; and the appropriation bill making these provisions for the shipping bill has re-cently passed the House of Representatives without a single dissenting vote.

So it is apparent that we are going to have all the money we need to build in the quickest possible time all the ships which the resources of America can turn out. It is also apparent that the Shipping Board is going to have all the power necessary to control that shipping, and all the other shipping now afloat under the American flag. And I want here to point out some of the aid and assistance

that the shipping men, and the advisory committee of shipping men which was appointed by the Council of National Defense, have rendered to the Shipping Board. They have not only backed up every demand we made for more power and more money, but they have recommended to the Board it-

self something which at the beginning of the war they themselves were opposed to—and that is regulation by the Shipping Board not only of the vessels needed for immediate government uses, but regulation of all American shipping, for the purpose of holding down the excessive charter rates and freight rates which have prevailed in ocean shipping for the last year.

I remember the first meeting we had with the council of shipping men, in which, at that

An unusual picture of a steamer being built at the Skinner and Eddy plant in Seattle. The steel ribs that form the sweeping lines of the hull are not yet in place. With all the hopes that American ingenuity would find a way to built the submarine, the end is not yet. It remains a race between the production by American yards and destruction by orpredocs.

time—which was many months ago—they objected to the attempt by the Shipping Board to regulate or control ocean freight rates, of the charter rates upon ocean vessels. And yet to-day the shipping men themselves have tirged the Shipping Board to requisition

every American ship over 2,500 tons capacity, and to use that ship not alone, as I say, for war needs, but also to hold down the rates and the charges which we have had to pay on account of the tremendous shortage in tonnage. And I wish here publicity to pay a tribute, for the Shipping Board, to the shipping men and their advisory committee, who have been acting with us, for their patriotism and their cooperation in carrying out and in helping to solve, not only one of the most important

questions in the war, but one of the most difficult questions that has been presented in the war. I want to call attention

to one piece of legislation which is now pending which I think perhaps the Na-tional Chamber of Commerce can give a little push While it is true that the ships contracted for or planned for give us hope that we are going to be able to beat the submarine. still it is quite a long time yet before these ships will be coming off the ways in sufficient numbers to add greatly to the supply that can be sent to Europe, or can greatly affect the pre-vailing freight rates. The pinch is likely to come during the next six or eight months. There is one bill which the board has recommended to Congress which will help out during this time. As every business man knows, no foreign-built ship, even under the American flag, is permitted under our laws to engage in coastwise trade in United States: nor can foreign registered ships carry goods from port to port in the United States, nor from Porto Rico to the Sandwich Islands, nor from Alaska, nor in any of the other socalled coast-wise trade. Now the Board has recommended to Congress the passage of an act which would give the President, during this war only, the power to suspend, in whole or in part. under such conditions and within certain limitations as he may prescribe, that stat-ute which prevents foreignbuilt ships, or foreign-registered ships from engaging in the coast-wise trade.

in the coast-wise trade. Let me point out the public advantages which will follow the passage of this act. While our merchant marine to-day is considerably greater than it was when the war began, still the number of ships which we have available for trans-Atlantic trade, the number of ships which we have available for trans-Orden transe.

number of ships which we can load with supplies for our Allies in Europe, and the number of ships we can supply to the army for its operations, is unfortunately very limited. Practically every ship now engaged in the coastwise trade which is suitable in size or strength for overseas trade will have

to be diverted from the coastwise trade to the overseas trade within the next six or eight months.

Now that diversion of tonnage will leave a serious condition in certain lines of commerce which are most essential to the successful and complete carrying on of the war, for a great deal of our coastwise commerce affects essential industry. It means, for ex-ample, the movement of sulphur from the Gulf, of phosphate rock that goes into ferfilizers and munitions. It means the movement of coal from Hampton Roads to New England to keep the great industries of New England going. These are examples. England going. These are examples. They show that there is a certain amount of commerce which must be maintained to make us an effective fighting force in the war.

FOR years a large foreign tonnage has been engaged in American trade, and under charter to American interests, for trade with the West Indies, with South America, and even with the Orient. To-day there are over 500 thousand tons of neutral shipping under charter to American interests, generally long time charters, for this kind of trade. Under the present law these ships, though chartered by Americans for American trade, may not carry a pound of cargo from Porto Rico, from the Gulf, from coast to coast, or in any of the so-called coastwise trade.

Let me show what happens. There are many boats running between here and Porto Rico. That is coastwise trade. The same company that owns boats has under charter perhaps fifteen or twenty Norwegian boats engaged in commerce between the United States and Cuba and the West Indies. Of course, the Shipping Board has no power to commandeer neutral tonnage. They have not any power to commandeer Norwegian ships and turn them over to the army. But we do reach in there and take some of the Porto Rico ships; and that same company cannot, even during the emergency, put one of the neutral ships under charter to it into that essential trade to keep it going.

Not only that but there have been to-day, and for many months, hundreds of thousands of neutral tonnage not in use anywhere in the world, laid up at home and in neutral ports because it would not go into the war zone; and England and the Allies have found no way to force some of the shippers of neutral countries to put their shipping into use. Now, if it were possible for American husiness men, or for the Shipping Board itself, to use some of that neutral tonnage in our safe trade here in American waters, to the West Indies, to South America, it would make it easier for us to divert American ships out of those trades into

the war zone.

It is nearly a month since we recommended the passage of that bill. There is little open opposition to it, but the coastwise shipping of the United States has always been restricted to American shins; and the sentiment in favor of that is so strong, and the fear so great that if once the bars are let down to foreign shipping they may never go up, that there is con-siderable opposition to the passage of this act. which is needed as an emergency act, and as a protection to essential American com-

There is no purpose or desire on the part of the Shipping Board to change the long-es-tablished policy of this government concerning coastwise trade; but there exists to-day such a shortage of tonnage, and that shortage is so certain to be more acute in the next six or eight months, that we ought to use every possible means to make available any ship

under any flag that can help us out during the pinch.

I believe that if American business men would get behind this particular bill its passage through Congress would be assured; and the quicker the thing is done the better. We have many requests from neutral ships, and ships under charter to Americans, to allow them to carry goods from coast to coast, and from the Gulf to the Atlantic coast; but under the present law there is no power, either in Congress or the Shipping Board, to consent to this obviously needed transportation.

There is one other thing I may add as a matter of general advice. I think it has become apparent to most of us in this war that the success of our efforts, the amount of force we can put into the war, depends not alone on the army or the navy, and not alone upon any department of the federal government. win a war to-day requires the enthusiastic support of the great bulk of the people of the country in a very important industry. Now nothing is more important than the relation that exists between labor and capital during the war. The output of ships in the American shipyards depends more upon the supply of labor and the continuous employment of that labor than any other fact. The use of these ships, when once built, is going to depend more upon the supply of seamen and officers and the services of longshoremen in loading and unloading than any other factor in the situation.

But I find among some business men the fear that labor in this situation, where its services are so essential, where the demand is so great, is going to take advantage of this oppor-tunity to strengthen its hold, to strengthen unions and union rules, and to gain advantages over employers which they could not perhaps gain in times of peace. And at the same time, we find among laboring men a fear that the business men of the country, the great corporations and employers of the country, are trying to use this opportunity, this urgent need of labor, more output, to break down the strength of the unions, to break down and suspend, at least temporarily, many of the provisions which the government itself, both state and federal, have enacted for the better protection of the life, the safety and the welfare of the workers. That attitude of suspicion and hostility and fear in one group that the other is going to take advantage of the opportunity to gain something from the other is a serious, menacing thing—particularly in this already dangerous situation.

ATTENDED one meeting myself in which one of the representatives of the employers of labor made a most eloquent appeal to the patriotism of the men engaged in that business to surrender, during the war, their point of view, their demands, and even some of the things which they feel are essential to their welfare.

I want to emphasize one point. Every provision of law which the national government has passed for the better protection of the workers I believe ought to stand, unless it is obvious to everybody that it is a serious menace and a serious obstacle to the efficiency of labor. This is brought particularly home to the Shipping Board because a good many men engaged in the shipping business have urged the board to recommend to Congress the suspension of the so-called LaFolette seamen's act during this war. Let me say right here, with emphasis, that the Shipping Board does not propose to recommend to Congress the suspension of any net which the American people have passed for the better

protection of the safety, and the welfare of sailors on the seas. It is going to use, first, every means possible to increase the number of men available both as sailors and officers. That will be the last resort of the Shipping

Board.

Now just a word as to what the Shipping Board is doing now to provide American officers and American engineers to man the vessels we are building. The Shipping Board has established twenty-five schools to teach navigation to sailors free of charge. Beginning in the ports of New England, running to the Gulf and around the west coast, in every important port we have established these free schools. There are thousands and thousands of men who have had experience at sea, who are able scamen, but who have never had the opportunity to get the technical training in navigation that would fit them to become officers aboard ship. Already these schools have turned out several hundred graduates, and nearly all of them have been placed aboard ships. At the present time there are over six hundred men learning navigation in the free schools established by the Shipping Board.

WE also have established twelve or fifteen schools for the training of marine engineers, open primarily to men who have had some experience aboard ship, to oilers, water tenders, and men who have already had experience.

The object of the Shipping Board in establishing these free schools for the training of officers was two-fold. In the first place, it certainly is a safer and a wiser policy, during the war itself, to have American officers aboard American ships. Moreover, we had in mind also conditions after the war is over,because whatever results this war may have had on other forms of business, it is apparent that it has made obvious to the people of the whole country the great importance of a merchant marine; and it seems certain this war will end, with the United States having the largest merchant marine in its history, and I hope one that will continue for years to

We want not only those ships building here to remain American ships, but we want them to be manned and officered by American citizens. We want the sailors aboard to be American citizens. In short, to have it not only an American merchant marine so far as the ship is concerned, but, what is even more important still, to have the personnel aboard the American merchant marine an American

I understand that the National Chamber of Commerce has already established a shipping committee, and that committee is now cooperating with the shipping corporation, which is building our ships, and also with the shipbuilders, in attempts to secure the increased number of men that will be necessary in the

shipyards to turn out the ships,

Just one word in conclusion. I desire, on the part of the Shipping Board, to express to American business men our thanks for the enthusiastic support that the business men have given the Shipping Board since the war broke out. And I hope the accomplishments of the Shipping Board will be such that when peace comes, the business men of America will be willing to give their enthusiastic support to the continuance of the Shipping Board, in the hope and the confidence that the government regulation of shipping, and the government aid of shipping, is going to be in the future the most effective means of building up the American merchant marine.

Slowing Down War-Driven Wheels of Industry When Peace Comes

Readjustments Inevitable when Enormous Stimulus of War is Withdrawn, but Stagnation can be Avoided by Maintaining Confidence in a Situation Which Fundamentally Warrants Confidence

By GEORGE E. ROBERTS

BEFORE the war the two great industrial countries of Europe, Great Britain and Germany, presented a marked contrast in their national policies toward trade and industry. Great Britain was still strongly individualistic in its ideas of business policy while Germany was distinctly paternal. Allowing that this difference may have been due in part to the political institutions and social characteristics of the people, it was largely due to the lact that Great Britain was the pioneer country in developing the factory system of industry, and had but little competition to contend with in the early period, while the German industrial development has been recent, and had to be accomplished in conflict with the well-established industries of Great Britain.

Germany adopted the policy of protection to preserve her home markets, and followed up that action by developing a systematic policy of organized aggression to establish herself in foreign markets. The authority of the government was directly exerted to secure the most economical organization of German industries, to provide a system of schooling calculated to promote the scientific development of industries, to provide the hanking support required for large scale production, and for a liberal system of credits in new markets, and, finally, a system of mail

and transportation lines, giving direct access under the German flag to all important markets. Other countries have been amazed at the revelations of German trade policies as they have gradually come to light, and particularly at the part which the gov-ernment has played. I am free to say thay I do not believe it is practicable for any than a highly centralized one to go the lengths of interference in business affairs which the German govcrament has cone. and the extraordinary growth of German industry under this tostering management probably explains the strength of the

government with the people, notwithstanding the fact that its autocratic features are in conflict with modern ideas.

The war immediately and of necessity added enormously to the responsibility of govern-

ments. In the sudden disruption of international relations there was no way to save the business situation from chaos except by having the government assume functions which it had never exercised before. It was not a matter of choice, or of preference for governmental administration. It was necessary that there should be a central directing authority with full power to com-mand the entire business situation. The British government authorized the Bank of England to take over from the other banks certain commercial paper which had suddenly become uncollectible, and agreed to protect it from loss in so doing. The railways were taken over for government management during the war. From this beginning there has been a constant extension of governmental authority, as the magnitude of the war has more and more compelled a concentration of the nation's energies, until scarcely any important branch of business is free from it. All of this has come about because the nation faces a supreme emergency, but with the grave problems which are to follow the war the situation is favorable to the arguments of those who advocate a permanent extension of the government's functions. In the first place, there is a strong argument in favor of having the government keep a firm hand upon the situation, at least until after the period

of industrial recrganization has been

passed. It is generally agreed that during the period of demobilization and while business is getting itself reestablished in its accustomed channels, the situation should have the supporting hand of the covernment upon it. Opinions differ as to how far the government should go in undertaking industry on its own account, and to what extent it shall permanently retain the functions which it has assumed during the war. So many proposals are pending that a "Ministry of Reconstructablished, with a seat in Cabinet, to deal with them

All of this leads still further. Great Britain faces a great debt with an interest

charge after the war of possibly \$1,500,000,000 per year, and this is a spur to greater national effort. There is a feeling that the nation itself must exert itself, from one viewpoint in order to obtain a more unified effort, and

from another viewpoint in order to obtain for the Treasury the profits of enterprise. Of course there is much that is obviously fallacious in the arguments, but they are significant of the trend of thought.

This feeling is a natural reaction from the war with Germany. The object-lesson German development, with the belief that German policies were aimed particularly at England's undoing and have been promoted by England's neglect, has made a great impression upon the English people. The response is a natural outburst of determination on the part of a virile people, who want the national powers concentrated and directed to certain national aims.

A ND so England is seething with agitation for national and imperial undertakings after the war, involving in one way or another action by the government. The leading idea is to draw the parts of the Empire more closely together and to reorganize and direct industry to greater efficiency and to a more rapid development of the Empire's resources.

The Imperial War Conference, composed of the Premiers of the United Kingdom and the overseas Dominions, has adopted the following resolution:

The time has arrived when all possible encouragement should be given to the development of Imperial resources, and especially to making the Empire independent of other counries in respect of food supplies, raw materials, and essential industries. With these objects in view, this Conference expresses itself in favor of the principle that each part of the Empire, having due regard to the interests of our Allies, shall give specially favorable treatment and facilities to the produce and manufacture of other varts of the Empire.

Lloyd-George has recently made the public statement that Great Britain will give a preference in customs' duties to the colonies, and that it will not increase the price of food. One of the notable symptoms of the move-

ment is the organization of a body called the "Empire Resources Development Committee" with which an impressive group of names is associated. Its purpose is to act as an advisory board in the selection of suitable projects for governmental adoption, and in the management of such enterprises—to quote the language of the prospectus, "so that imperial effort may be concentrated upon assets ripe for development for the common good of the Empire." The statement says:

"We, the undersigned, realizing the immense latent resources of the Empire and the possibility of developing this great and varied wealth for State purposes, under State auspices, and so lifting from the peoples of the Empire the burdens caused by the war, have formed ourselves into a committee for the following purposes, etc."

Now these are generalities; nor are there wanting people on the spot who say that the proposals are visionary and that, if followed up, they may easily involve the government in vast unproductive expenditures.

Nevertheless, this outburst of constructive energy is an exhibition of British national



If the energies of the nations should be given to preparation for future industrial conflict, the outlook for civilization will be hopeless.

feeling and of the disposition to use the government as an agency to forward the national purposes. Under the direction of a Committee of the Privy Council for Scientific and Industrial Research, the British Government has subsidized a movement for the study of applied science in the industries. The first grant is of 1,000,000. The plan is to incorporate research associations in each line of industry in which the manufacturers are willing to cooperate, these associations to be given grants of aid. Already a half dozen or so industries have taken steps to organize as proposed. Besides the work of these associations there will be committees for more general research work, such as into the fuel problem, and steps are being taken to correlate the work of these research laboratories with the public schools. The attitude of the government is indicated by a subscription on account of the Treasury for stock in a new company to develop the dye industry.

THE British Government has developed a plan for reorganizing the commercial attache and consular services, and for the creation of an enlarged commercial intelligence department. The official announcement begins as fellows:

"It is clear that after the war the demands upon the Government for the collection and diffusion of commercial intelligence for the benediffusion of commercial intelligence for the benefit of British trade are likely to be very much greater than in the past. Both the Board of Trade and the Forcing Office have for some time past been maturing plans lave developing and improving the official arrangements for commercial intelligence so far as they fall within their scope. The Board of Trade have obtained the sanction of the Treasury for a large development of the Department of Commercial Intelligence and for a wide expansion of the system of Trade Commissioners within the Empire."

I have given more attention to the develop-ment of policy in Great Britain than elsewhere, partly because more information is available as to that country and, again, because British policy in the past has been individualistic. Although it is too early for the Government to have taken many definite steps, the present Premier has clearly indi-cated that he favors a more active policy on the part of the Government in support of British industry than has been maintained in the past.

We know enough of what is taking place in Germany to know that the national policy of fostering and supporting the industries will be maintained and more highly developed in the future. The dye industry has already been reorganized by consolidation and close agreement to make an aggressive struggle for its old position of domination. The Government has submitted to the Reichstag a bill for a grant to assist the German shipping ecompanies in reestablishing their fleets after the war. The measure bases its proposals not upon any obligation to reimburse citizens for war losses, but upon the necessity for securing the maritime interests of the nation. In general, the war has tended to develop national spirit, and to prompt the peoples of all countries to use the government organization as an agency for promoting national trade, and it behooves the United States to be awake to its own interests. This country holds a strong position as the producer of many of the essential raw materials and also as having the greatest consuming market in the world. It is in position to negotiate for fair treatment in all-markets.

It may not be directly pertinent to touch upon the importance of giving consideration now to domestic conditions after the war.

but the post-war plans of other countries suggest it. Industry has been under an enormous stimulus in this country for now

two years. As a result, wages and prices have been advanced until the basis upon which businessisdone is radically different from what it was before. After the war a readjustment must undoubtedly be made, whether rapidly or gradually, to a lower level, and it is a familiar fact that there is more difficulty about making an adjustment down ward than upward. We have reason to believe that basic conditions in this country will be sound. Real estate values have not been inflated. Standard stocks and securities are low as compared with the past and considering the values that have been put behind them in the last two years. The industries are in

a stronger position financially, and more effectively equipped, than ever before. The country has more wealth than ever before, and at the end of the war will be in a very strong position as a creditor nation. Our gold supply, which is the basis of bank credit, will be protected by the great amount of claims on Europe which we will hold. The demands of the war upon our industries have been so great and will continue so great while the war lasts that much construction work has been postponed, and is waiting to be done under more lavorable conditions. The whole world is short of goods of every description, and our industries will be more completely ready to supply these wants than those of any other country. The fundamental conditions there-fore are favorable to large production and good business in this country following the war.

THE one question here, as abroad, is whether business will go on without serious interruption, making the adjustments gradually. as the cost of living and raw materials decline, or whether there must be a period of stagnation. Since the country is really underbuilt and understocked, and insufficiently equipped in many respects,-notably in its railwaysand since the buying power of the country is greater than ever before, the question of maintaining business is simply a question of maintaining confidence. Men will want to know what others are going to do, what the general trend is to be, and will make their plans accordingly. The problem then is to ustain confidence in a situation that fundamentally deserves confidence, and this requires leadership and coordinated action on an important scale.

The opportunity for such action is afforded by the railway situation. It has been demonstrated that notwithstanding the great amount of capital expended upon the railways in the last 17 years, their development has not kept pace with the growth of traffic. Daring as the plans of some of the leaders in

the railway world appeared to be 17 years ago, the country has outgrown the facilities of even the most enterprising companies. Fur-



mechanical engineering, particularly in the application of

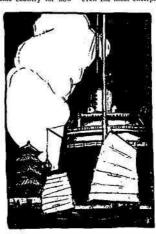
problem cannot be adequately dealt with by the companies acting independently and alone. The situation requires comprehensive treatment, particularly at terminals, looking far to the future, and requiring an amount of capital which the companies alone can not undertake to raise in the state of the world's money markets in the near future, nor can expenditures planned upon a scale to adequately care for the future be expected to be immediately remunerative to the railroads, although the improved service would be advantageous to the country. The advance in

electric power to railway service, affords opportunity for the profitable expenditure of large The country is right on the verge of large possibilities in the way of economical power production, not only for the railways but to serve the industries in conjunction. An extensive scheme to develop and improve the country's transportation system would do more to equip the country for economical production, and to enable it to hold its own in world's markets than perhaps any other single thing that can be done, and if such a program could be ready for announcement at the close of the war, it would put an end to all uncertainty and apprehension about business conditions in the United States in the period following the war. It could be so adjusted and carried out as to take up all the industrial slack for years to come.

The government's relation to the railroads up to this time has been wholly restrictive. but the time has come when it ought to be also constructive. Regulation is inevitably restrictive in some respects, and this phase of it tends to divert capital to other employment. To offset this effect the government's relation to the railway business should be constructive as well as restrictive, giving some positive aid to the support and development of the great transportation industry, which it recognizes as holding a vital relationship to

all the other industries. Such a program can only be promptly and adequately carried out, under the conditions which will exist at the close of the war, by the aid of government credit, and it should be done under a just and reasonable arrangement between the companies and the government. which will ultimately reimburse the government, and at the same time provide an incentive for the initiative and enterprise of private management, and secure to the public the benefits of better service.

The industries of this country are being greatly expanded during the war, and at its close we may expect them to be in a stronger position financially and more effectively



The league of nations should find opportunity for its most effective efforts to avert war, in the field of commercial relationships.

equipped than ever before. This is particularly true in steel and machinery, which all the world will be naturally wanting. The opportunity for a great development of our export trade would seem to be excellent.

But there are several very interesting phases of the situation to be considered. How are the foreigners to pay for the purchases we want them to make here?. They must pay either in gold, in commodities of their own production, or by means of credits granted them in this country. It is evident that they will not be able to send us great quantities Their stocks will be depleted, and they will need all they have left far more than we will need additions to our stock. Further additions to our gold stock after the war will be a positive detriment to this country, tending to promote inflation at a time when we will be needing to get back toward the world's level. Besides the trade balances there is bound to be a large sum of payments coming to us on account of interest on foreign loans. These balances cannot be served gold. There won't be gold enough in Europe gold enough in Europe gold enough in Europe to do it. The second method of settlement is by sending us goods, but heavy importations of goods which compete with our own products will not be welcome. It appears, therefore, that in order to have an important expansion of our exports after the war we must not only continue to carry the foreign loans we have, but make more of them. It is fundamental to our export trade that we shall build up a great body of investors who are ready to take an interest in foreign enterprises. That has been the history of the development of British and German trade. Individuals can sell out their foreign investments, but a nation cannot, except under the abnormal conditions which have brought about a reduction of Great Britain's holdings in this country in the last three years.

We must not imagine that Great Britain and Germany will be long out of world markets after the war is over, either as traders or investors. Their principal industries will soon be in operation, and capital will soon begin to accumulate. Taxes will be heavy, but the money collected by taxation will be paid out to the debt-holders, and be available in their hands for investment.

All signs indicate that the industries of these countries will be more progressive, more thor-

oughly organized and more effectively equipped than before the war, and it is more than probable that American credits will find employment in financing foreign industry. That would be a natural result of inability to liquidate those credits by bringing them home. If our people cannot bring them home they will use them where they are.

It may be expected therefore, that competition will be keen and aggressive, and to hold their own with it American business men will have to rely finally upon the most advanced methods in industry.

It is undoubtedly important that our own government shall be on its guard to protect the industries of this country against the aggressive policies of other countries, and be on the alert to promote our foreign trade by all legitimate methods. I have, however, already indicated that I do not believe it practicable to adopt in the United States all of the methods which may seem to be successfully practised by an autocratic government. Moreover, if there is any lesson to be learned from the war it is that in order to maintain poace among the nations it is necessary that the trade of the world shall be established upon certain broad principles of equity and of community interest. There should be a standard of fair practice which every nation would be required to observe under penalty of united retaliatory action by other countries. Practices which would be uneconomical if adopted by all countries, which provoke retaliation, and which violate the principles of fair, open trade, should be outlawed.

WHEN peace is restored, it is of the greatest importance that international relations shall be reestablished upon an enduring basis. If the energies of the nations, instead of being devoted to recuperation, should be given largely to preparations for a future conflict, the outlook for civilization will be hopeless. The world cannot afford to have irritation and antagonism develop at the points of national contact, and those points of contact are chiefly in trade relations. Competition there is bound to be, and on a fair basis it is stimulating and wholesome.

The right of each country to protect and develop its own industries with a view to safeguarding its supply of necessaries, and of diversifying its production, cannot be questioned, but systematic efforts to force the trade of a country, to the disturbance of normal trade relations may well be regarded a proper subject for international conference. The Chamber of Commerce of the United States has gone on record as favoring a League of Nations banded together for the purpose of averting war, and there is no field in which the efforts of such a League may be mere effective than in the field of commercial relations. In the large view, the interests of all peoples will be best promoted by such an intelligent correlation of resources and industries as will produce the best economic results. It is in the interest of the international community that all countries shall be prosperous, and this is best accomplished by the maximum production and by stable conditions favorable to investment and trade. The leadership which any country is alle to attain by the development of improved organization or the application of scientific principles is a legitimate and useful feadership, and if international rivalries can be confined within this field the peace of the world will not be imperilled.

No Peace While "Kultur" Menaces (Concluded from page 47)

best aid ourselves and the country to prosperity after the war, was not however, the primary and paramount purpose of the convention. Our countrymen wanted to know just how business men felt about this war. Our Allies, likewise, wanted to know what thoughts are filling our minds, and what sentiments are filling our hearts, in this world strucele.

We could sound no uncertain note. Could we, who have lived in a country where libery-under democracy is held as a sacred heritage and valued far higher than life itself,—could we contemplate for one moment the possibility of its extinguishment? Could we permit German autocracy and militarism to remain as a constant menace to that liberty, a constant danger to the peace and tranquility of the world? Could there be any compromise with this question now that millions of men have died to make it innovable?

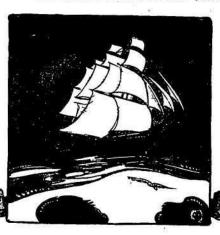
died to make it impossible?

Men may cry, "peace, peace," but there can be no peace so long as "kultur," under autocratic interpretation and direction, remains a vital force in the world;—so long as any great and aggressive nation of men are made to believe they possess a superiority which entitles them to subject others to their will, and their self-constituted rulers are permitted perpetually to plot and plan to that purpose. Must not all menace of it be ended now? Dare we, for the sake of a cessation of bloodshed, which can only be temporary, and at the sacrifice of the millions who have died and will have died in vain, postpone its dangers to another generation?

There may be some who care not what may happen to future generations if this generation be permitted to live in peace, nor how humiliating the peace under which they live. There may be those who would sacrifice any national welfare, present or future, to their own ambitions, possibly to their own comforts, but, thank God, in this splendid democracy of ours

they can constitute a very small minority, and, in the ranks of business, their number is negligible.

Let us make this number infinitesimal by such vigorous pronouncements and by such united action that every impulse to selfishness or sordidness may be suppressed, and a great wave of enthusiasm may move us on to such achievement in service and in sacrifice as shall constitute a compelling influence for a speedy conclusion to this war, to a conclusion that will bring us a real peace, a peace for this generation and for generations to come, a peace that will secure for all time to mankind its most precious possessions, which in their aggregate we call civilization and humanity.





in Foreign Trade Without the Backing of a Prosperous Business System That Is Allowed to Make Reasonable Profits



FRED. I. KENT

THE phenomenon of deranged exchanges is as old as barter, but its expression in mathematical terms is comparatively modern.

In the early periods of history, it was not always possible for the tribes and small nations which bartered with each other to obtain or produce commodities for that purpose. Rapid production was unknown, and at times a people was unable to get more of certain things than sufficed for its own needs. Trading, therefore, between different peoples, was periodical rather than constant.

As civilization advanced, trade became more and more constant, and interruptions to it were due almost entirely to wars. During the rise of the Roman Empire the wealth of the East was carried to Italy in war periods; and in times of peace the precious metals obtained as booty were traded back to the East in exchange for its manufactures.

The husbandry of the Romans did not furnish them with commodities which could be bartered for the luxurious productions of the East, which later became so desirable to the Romans.

The capital of the empire was eventually moved from Rome to Constantinople, largely because of the wealth of the world at that period centered there, and Italy, at the time, lid not produce enough that was desired in the East to maintain exchanges.

In later centuries, the old process continued: the war expeditions of the Venetians looted Constantinople and the East of its valuable products, and again in times of peace the Venetians traded with the eastern peoples while their trading wealth remained. In ancient and in modern times, all nations

have endeavored to produce commodities that could be used to obtain things from other nations that they desired. During the early periods of history, many wars resulted from deranged exchanges. In more recent periods cause and effect have been partly inter-changed; disorganization of exchanges has followed war instead of preceding it. At the same time, inequalities in commercial power have almost invariably been at the bottom of war causes.

While it was possible for individuals to leave their native country and settle in newlound lands, great movements in exchanges were brought about through the uncovering of untapped reservoirs of wealth. For in-stance, the gold of the Incas and Aztece first gave Spain a great trading power; and then when England was practically at war with Spain, Great Britain, through capture, reaped a part of the benefit by the diversion to it of

the wealth being carried over the Spanish Main.

The discovery of the route around the Cape of Good Hope, which later resulted in the control of India by England, released, after the battle of Plassey, the huge boards of the Hindus, and made them available for the use of humanity.

THE creation of the bill of exchange and the invention of the circulating note based on the precious metals were the two great instruments that made possible the stabilization of the world's exchanges and helped the people of all nations to market their com-modities. The bill of exchange was so de-veloped in connection with English trade through the London discount market, and in conjunction with the British merchant marine, that it became possible to buy-goods in any world market with a prime Sterling bill of exchange. London thus became the financial clearing house for all nations, a position which was maintained by keeping in London a free market for gold. This in turn was largely made possible through the wise handling of the discount rate by the Bank of England. As a result, the fluctuations of Sterling exchange in all important money markets was practically covered by the difference between the English gold export and import points.

While the bank rates of the Bank of France and the Imperial Bank of Germany have been controlled along lines similar to those of the Bank of England, yet neither Paris nor Berlin has had the free gold markets which London has maintained. Consequently, French and German exchanges have had much wider fluctuations in times of crisis, and those very fluctuations have tended to increase the demand for the Sterling bill.

The growth of English trade and the de-mand for the Sterling bill were each helped by the other, and so Great Britain became the dominant commercial and financial nation. This was to the great benefit of all peoples, because it enabled them to sell safely to each other against London payment and buy with the proceeds of their sales.

THE benefit to sellers of receiving payment in something of stable value is the primary reason why the stabilization of exchanges is of vital importance to trade. We need not go far to find examples of the effect of violent fluctuations of exchange upon trade.

Commercial intercourse between nations had developed such constancy and such close inter-relationship that the declaration of war between some of the principal commercial

countries in 1914 threw the whole financial machinery out of gear. The toreign trade of many countries was immediately curtailed. In Central and South America, where government revenues are largely obtained from export or import taxes, several countries were nearly forced into national bankruptcy; and the derangement of the exchanges was the immediate cause of the stoppage of trade.

The trade of this country was as seriously affected as that of any of the other nations, but we were better able to stand the loss. Even though it was clear that Great Britain must, as the war developed, import from the United States vast quantities of cotton, wheat, munitions of war and other commodities, that its exports to us would fall off greatly, and that exchanges, therefore, between the United States and Great Britain must work against the latter country, yet the pound sterling went up to five and six dellars, and more, a pound against a mint par of \$4.867 j .- This was partly due to the accumulation during the fall of 1914 of maturing obligations that represented money horrowed in England by American interests. Rather than default, people in this country paid any rate necessary to meet their paper.

FINANCIAL houses in Great Britain had lent German institutions vast sums. Financial London knew those obligations would not be paid until after the war. It was also known that the great English acceptance houses had maturing bills for huge amounts for acceptances given for German account. These houses were the institutions upon which American exporters drew when shipping their American exporters drew when singing their goods. The condition of the acceptance houses, whose bills were in every London joint-stock bank, was such that the English leared to extend America's maturing obligations until they could be met with shipments of wheat and cotton and other commodities. of wheat and cotton and other common of the American banks doing a foreign exchange business would not buy exporters Sterling bills of exchange, as the ability of the English acceptance houses to meet their obligations could not be determined. American exports to Great Britain were stopped and Sterling

exchange went to a premium.

The integrity of the London financial arket was one reason why English trade and the English Sterling bill were leaders in the commercial world. The integrity of the British bill of exchange, it was determined, must be upheld at all costs. Parliament passed a series of moratoria laws, in order to enable all English houses to meet their debts by placing the Bank of England and the

government back of them,

The first law extended the time of payment of maturing obligations. The second enabled acceptors to borrow from the Bank of England in order to pay maturing acceptances, the detail being so handled as to release endorsers. This meant that the government assumed all obligations then existing on the part of the buyers of Sterling bills of exchange in all parts of the world. In the United States, banks which had purchased 60- and 90-day sight bills, for instance, against shipments of cotton to England, were entirely released from the liabilities assumed in their endorsement of the bills previous to the war.

The last of the laws went one step further, and arranged for the payment of all post-moratorium bills, meaning that the British government intended to see that any proper English bills of exchange purchased by foreign banks would be promptly paid. The result was the immediate resumption of exports from America to Great Britain, the starting up again of trade throughout the world, and the return of Sterling exchange to a normal

figure for the time.

Partly as the result of this action such confidence in British government securities was established that when our exports to Great Britain so far exceeded our imports from her that the difference could not be wholly settled in gold, loans which seemed huge at the time were placed in this country to enable her to carry forward payment until such time as it was hoped that peace would obtain. Such loans helped to stabilize Sectling exchange, as it meant payment for a portion of the imports of the British government in dollars instead of Steeling.

A S between this country and Great Britain, this left upon the exchange market Stering represented by the importations of British interests, outside of the British government, and Sterling requirements on the part of our importers from Great Britain. Had these been the only operations in Sterling in our market, and if they had exactly offset each other. Sterling exchange could have remained meat the part of \$1.862 s. As world operations were carried on in Sterling exchange, however, dealings between Great Britain and other nations of nations, resulted in Sterling exchange being sold in the New York market which did not represent exports from the United States to Great Britain, nor other direct transactions between the two nations. Sterling, therefore, began to fall in New York, and went nearly to \$4,800 a pound, enabling bankers in this country to purchase gold in London and import in at a profit.

England faced with the alternative of closing its gold market or controlling it through the protection of exchanges, decided upon the latter as the safer and better method, and the one which would facilitate trade between the two countries instead of killing it.

Great Britain was lending the Allies great sums, a large proportion of which was being spent in this country. France and Russia were two of the countries for whom Great Britain was in effect establishing dollar credits. These three nations felt it was to the interest of all to maintain Sterling exchange in the United States, and a gold pool was formed, to which each contributed. This gold was shipped to the United States in order to purchase Sterling exchange in New York. The rate determined upon was high enough to make it amprofitable for American banks to import gold from London. The delivery of gold to the United States was left entirely in the hands of the British government. It could turn it into our market in such manner as to cause the least

disturbance to the London market, to our money

market, and the Sterling exchange market.

In order to reduce such shipments to a
minimum, the British government took every
precaution to prevent the importation of
commodities not necessary to the British
people in the carrying not the war.

I N stabilizing Sterling exchange, we are helping to uphold the exchanges on France, Italy and other countries, because of the relations between them and Great Britain.

Together with the operations necessary to stabilize exchanges, this country must devise means of preventing their misuse by neutrals for account of belligerents. It is conceivable that it might be advisable to go so far as to have an agreement among, say, Great Britain, France, Italy, Russia and the United States not to deal during the war with any neutral institutions or individuals which use the facilities offered by the peoples of these nations to consummate transactions for belligerent account. This would not be an attempt to prevent direct operations between the neutrals and belligerent countries, or between neutrals themselves for belligerent account, but would merely demand that all dealings between neutrals and the countries mentioned be in accordance with the laws of the countries in the agreement.

It is not conceivable that any American banking or other institution can be prevailed upon, regardless of an agreement, to operate or trade with any institution in a neutral country which is found to be causing it or others in the United States, or the countries of our Allies, to break their laws for the benefit of the enemy. Business relations with such neutrals would unquestionably result in American credits being used for beligerent account, and in increasing the difficulties which surround the stabilizing of foreign exchanges, with a resultant increased friction

to our foreign trade.

The operation of our export embargoes, and the question of possible embargoes on imports in the future, will vitally affect the stability of exchanges. With the world free from war and settlements of trade carried out on clearing principles, the difference between our total exports and imports each year need only be considered as a whole in providing payment. We might, for instance, import from Japan twice as much as Japan imports from us, and not be obliged to ship gold to make up the difference. We could pay Japan with the indebtedness to us of other nations. Before the war such payment would probably have been made in Sterling exchange, but with the world derangement of exchanges that has taken place, we might be obliged to operate as if only Japan and the United States existed.

Recently we have been shipping a large amount of gold to Japan, which has probably been desired by that country to pay for cotton in India that was formerly paid for in Sterling, Sterling is not in demand to-day in either

India or Japan,

If we wish to conserve our gold supply, in addition to the embarge on gold, which has been established in order to prevent our gold from being used for the benefit of Germany, two things must be done—the people of this nation must cut down the importation of things that are purely luxuries from those countries having credit trade balances with the United States, and we must closely confine the accumulation of dollar credits in the hands of foreign interests to those made from our imports. These restrictions can only be made effective through governmental control.

It might be helpful, as between our Allies and ourselves, to continue to import from them many things that cannot be classed as necessaries, for that would help to prevent the serious derangement of exchanges that might have a terrifying effect on commerce and a resultant influence against our successin war. Great Britain has recognized the value of this operation in allowing French wines to be imported into England.

Export embargoes should be so used as to conserve the commodities that are required by our Allies and ourselves, yet still allow sufficient freedom of trade to uphold exchanges. It is, therefore, essential that some power be in position to say how lar demand shall be exercised and how far supply may be

traded.

If Sweden and Norway can give us, in exchange for our wheat, commodities that will be of as great benefit to us as the wheat which we release, it is of value for us to trade; but it is necessary, for the period of the war, that the government demand that from neutrals we obtain necessities for war in exchange for war necessities which we can spare, and that other articles desired by foreign peoples be allowed such movement as exhanges require and shipping makes possible.

At present Norway, Sweden and Spain receive gold only as a commodity, because their requirements of other things are greater. In Spain the needs of the people for other things than gold are very great. If this country could supply such things, the value of the Peseta would immediately readjust itself. Were we in position to make such shipments, we would to a certain extent be paying with them for the sugar which we purchase from Cuba, because Cuba is one of Spain's good customers, and would gladly buy Pesetas from us with the proceeds of the sugar which she sells us, for the purpose of settling their indebtedness to Spain.

GREAT Britain found that certain things were demanded by Sweden and Norway in exchange for British requirements, or they would not trade, and, strange as it may seem, even shell steel was shipped by Great Britain to Sweden, because it had a greater need for the things received in exchange than for the steel exported.

As between country and country, whether neutral or Allied, all trade is becoming of such vital national importance that government has been obliged to step in and take control. There is no question, however, but that this should be done to the least extent necessary, for the comforts of living depend upon the international exchange of goods, and the goodwill established by firms and individuals should not be wantonly destroyed.

The development of international trade is nothing more than the widening of the trade between individuals in the same locality and those in different localities in the same country to those in different countries and all countries.

The duty of the business man in these trying times is clearly defined, and carries
with it the greatest responsibility. Upon his
success in making profit will depend the
ability of our government to maintain itselt
and our Allies, to uphold exchanges and further our foreign trade. Upon his ability to
assert his rights before the public will depend
his ability to make profit. He must cooperate with government for the good of all
the people. He cannot confine his patriotic
action to the mere giving of time and money
to his government. He must give more time
and money to protecting the rights of his
stockholders, to de- (Concluded on page 85)

"And Whatsoever Is Right At Fault-Both Must Sacri-I Will Give You" fice Prejudices On the Altar of Patriotism-Both Must Play Fair; and There Must Be No "Swag" to Divide

By WILLIAM B. WILSON Secretary of Labor

T is my purpose to discuss the subject of industrial relations. But before undertaking to discuss that subject as we find it in this crisis, it will be worth while to cause for a word or two about the reasons for the crisis and the necessity for sacrifices on the part of all the people of the country.

When the war began in Europe we were told that the treaty with Belgium was but a scrap of paper. So far as the written document itself was concerned, possibly that statement might be considered as being true; but the sentiment embodied in the written documer . the reasons behind the preparation of the written document, was far more than a scrap of paper, and its violation meant the destruction of the honor of those who destroyed the treaty itself.

In the conflict between the different powers each sought to injure the other as much as possible, and in doing so interfered with the rights of neutrals who were not in any manner engaged in the contest. England seized our vessels, haled them into her prize courts, passed upon them, took them over without, in our opinion, any justification in international law. We protested. Ger-many sunk our vessels with our merchandise aboard, and we protested also with regard to that. We felt that it would be best for us to stand by as a neutral and go through without engaging in the conflict. As long as they only destroyed our property, as long as they only sent down our ships and our cargoes, we could afford to stand

There are ways by which, you can compensate for the loss of property; there are ways by which you can restore property that has been taken, but there is no way known by which you can restore human life when that has been taken. And the distinctive difference between the manner in which we were dealt with by Great Britain and the manner in which we were dealt with by Germany was the fact that

back and make protests, let our claims pile up until the time

had arrived when the people of

Europe had returned to a normal condition, and then insist upon compensation for the

damage that had been done us

Germany not only destroyed our property but destroyed the lives. of our people on the high seas. It should be understood, as most men who are engaged in commerce do understand, that an American vessel is American soil. It is a detached por-tion of the United States. It is under the absolute jurisdiction of our government except when it is in the waters of another nation. Whenever an attack is made upon an American vessel, whenever a life is destroyed by virtue

Empire. indicated the purposes of the German Empire. Immediately following that there was a discovery of the in-

If this old uncle had appeared on the streets of any menthern city five years ago the novelty would have drawn a crowed that would have interfered with trailine. Little strentine in paid such types "up noth" since the Morse of high wages has led forth the herdes of Southern labor. Some exist mates declare that 600,000 the South's 10,000,000 mergors have been drawn away by the lure.

of an attack upon an American vessel, it is exactly the same as if that life had been destroyed on the mainland of the United States.

We insisted then that Germany in her submarine policy should pursue a course of search before seizure, as recognized by international law, and thereby protect the lives of our people. Germany yielded. She said to the United States, "We will no longer pursue

that policy, but we will pursue a policy of search before seizure." And for a period of time that course was the course of the German

But in the early part of this year, apparently driven to what she considered the necessities of the war, she gave us a brief notice that again she would resume the submarine warfare, that again she would put down our vessels without warning, that again she would destroy the lives of our people, which she could not restore; and with that kind of a warfare there was nothing left for us to do but either to withdraw our vessels from the seas, and our commerce with the great nations of the earth, or protect not only the passengers. who were traveling upon those vessels but the seamen who were enaged in handling the vessels as well. The United States Government believed that the proper course to pursue was to defend our citizens in carrying on their business where they had a legal and proper and moral right to be. But that was not the only action that

> trigues conducted with the Mexican Government and with the Japanese Government with the intent and purpose of dis-membering the United States. Fortunately for us, the Gov-ernment of Mexico and the Government of Japan were friendly to the people of the United States, and the pleas of the German Government fell upon deaf ears. And yet Germany was saying to Mexico, "Help us in this struggle, engage with us in a contest with the United States, and we will hand over to you as booty all of Texas, all of New Mexico, all of Arizona, and part of California," Germany was saving to lapan.

> > States west of the Dakotas," What was the pur-se? The purpose was to so conduct their plans that if Germany

"You help us, and we will turn over as your

part of the booty all of the rest of the United

won out in the contest, being able as a result of the victory to take over the British fleet, the French and Italian fleet and the Russian fleet not only of war vessels, but of merchant vessels, to then turn its attention to the United States of America, or that portion of it that remained, and compel us to submit to the will of the Kaiser.

We in the United States have built up the most perfect democracy that has ever existed

on the face of the globe. There have been other democracies. Republics have preceded the Republic of the United States, but none of them has been as perfect a democracy as the democracy established in the United States of America, It is not absolutely perfect. No one contends that it is absolutely perfect. It is a human institution. . It is naturally affected by human frailties. There are those among us who believe that we should have this, that or the other thing imposed upon our statutes, and they feel that our government is not perfect because those things have not been imposed upon our statutes. But whatever your dreams may be, whatever they have been, this fact is patent, that whenever a majority of our people in the United States come to the conclusion that a given line of policy ought to be enacted into law for the government of our people, that majority invariably finds a way in having its will adopted.

And that is the reason why we are the most perfect democracy on the face of the globe. We have suffered a great deal in order that our form of government might be established. We are proud of our form of government. We are opposed to autocracy. I know that there has been some criticism during the last six months because a tremendous amount of power has been concentrated in the hands of the President of the United States, that there has gone forth the argument that we might just as well have the autocracy of the Kaiser as to have the autocracy of the President. But think of the tremendous difference that there is between an autocracy that assumes its power by virtue of what it concedes to be a divine right, and an autocracy, if you call it by that name, that secures all of its power from the consent of the governed and a power that can be taken away whenever a majority wills that it shall be taken away.

To my mind there are greater things than material things. The accumulation of wealth is but an incident in life. Men will do more for the achievement of a sentiment than they will for all the wealth the world has ever produced. Men will sacrifice their lives for a sentiment; and our sentiment

is wrapped up in our democracy; and I feel confident that our people to the last man will sacrifice their lives in the trenches if need be, rather than that the will of the Kaiser shall be imposed upon our people. Since we have engaged in the war it becomes incumbent upon us to win the war, and while we may make mistakes.

ultimate outcome, and that is victory. Under former methods of waging warfare an army. even though it might be an army of invasion, very frequently lived upon the country through which it was campaigning. supplied only with arms and munitions as the product of labor for a comparatively small number of the people at home. The warfare of today is entirely different. The man

in the trenches is

important.

The

man in the trenches is making great sacrifices and taking great risks. We are proud of him. Personally, I may say to you that I have reason to be particularly proud of him. I say it without boasting, because there are many in the same situation. I have eight nephews and three sons who are giving service to Uncle

Sam preparatory to going to Europe.

And so I say that I am proud of the man in the trenches. But the man in the shop has also become an important factor in the carrying on of modern warfare, and the problems of our industrial relationship have become more and more intense by virtue of the fact that the man in the shop and the man in the field are both vitally essential to the successful conduct of our campaign.

ON the 22nd day of next November I will have been for forty-four years a trade unionist. I still maintain my membership in my trade union in the mining industry. Consequently my training, my environment, my viewpoint growing out of that environ-ment, have been and are entirely different, undoubtedly, from that of most men interested in industry and in business problems. I may have something to say in connection with that subject of industrial relationship which will not appeal to the judgment of business men, although it appeals to mine. There are some things, undoubtedly, that I may have to say that will be in entire accord, but I feel it incumbent upon me to say frankly what my viewpoints are in order that business men may give them such weight as in their judgment they are entitled to, in the consideration of the labor question.

The employer and the employee have a

mutual interest, not an identical interest. Mark the distinction. The employer and the employee have a mutual interest in securing the largest possible production with a given amount of labor. I know that during the past few months there have been those who claim to represent labor who have been advancing and advocating a different theory, a different principle. Some of them out in our western country, particularly have been saying the thing to do is to restrict the output,

to reduce the amount of production, to destroy machinery; or by any other method that may present itself, make it unprofitable for the employer to operate; and that when you make it unprofitable for the employer to operate, his plant will no longer be valuable to him and the workmen can then take over the plant and sounded nice to the ears of some workmen, those who have not stopped to study out the problem for themselves. It does not appeal to many, thank goodness!

Fortunately, our system of education has given to the great bulk of American wage workers the opportunity of knowing something about our past history, and from the reading of that history they know of the time when they had practically no machines, when nothing was done in the way of labor except by the process of the use of hand tools. But as a result, the amount produced by individuals was very, very much less than the amount produced under our modern system with our improved machinery. Notwith-standing the smaller amount produced by hand labor in the old times of one hundred and fifty years ago, the plants were not unprofitable to the employer; and the reason why they were not unprofitable to the employer was that the burden of smaller production had of necessity to be borne by the wage workers themselves, and instead of the employers having unprofitable plants and giving them up to the wage earners, they continued to have profitable plants, and the workers lived under poorer circumstances and worse conditions than they live under to-day.

The great bulk of our wage workers realize that the one reason why the American wage worker is the best paid wage worker in mal wages, in purchasing power of wages, of any worker in the world is by virtue of the fact that he produces more, by far, per day and per year than is produced by the workers in any other country, not excepting that country

which has praised itself and patted itself on the back for its efficiency—the Empire of Germany.

The same economic condition exists to-day, and hence my statement that the employers and the employees have a mutual inprojects have a mutual in-terest in securing the lar-gest possible production with a given amount of

There is, then, a greater amount of material available for use, a greater amount to be divided between them for their joint

efforts. Their interestsonly diverge when it comes to a division of that which has been jointly produced; and it is on that point particularly. I presume, that my training has been very different from the training of most business men.

Instead of enengaging in industrial conflict, instead of the employer by virtue of his financial power, imposing his arbitrary will upon



These German women farm workers explain why Germany, with millions of men in the trenches, has been able to main-tain at least the major portion of her production. The same story is told in every European country at war—women workers have as etc the situation.

the employee as long as it is possible for him to do so; instead of the employer arbitrarily imposing his collective power upon the employer, as long as it is possible for him to do so, and arbitrarily extorting conditions from each other as the opportunity present itself, how much better it would be for all parties concerned, for the employer, for the employee, for the public at large, if like ordinary calm intelligent business men, they sit down at the council table and endeavor to work out the problem on as just and, equitable a basis as the circumstances arrounding the industry may permit.

surrounding the industry may permit.

That means collective bargaining, to which a great many business men are opposed. Business men take the ground that they want to deal with their individual workmen.—Why? I am afraid frankness requires me to say that the reason why the business man wants to deal with his individual workmen rather than with his collective workmen is that his power as the employer of the individual workman is remendously greater in the driving of a bargain than his power as an individual in dealing with workmen collectively. There is a rule in equity that both parties to a contract must be of equal power, else the contract itself will not be equitable except through the generosity of the stronger party.

MEN do not engage in business for motives of generosity. There are multitudes of men in business who are generous, filled with charity, imbued with the highest ideals, but they do not engage in business from generous motives. They engage in business for the return they expect to make out of the business; and there is a limit to the extent to which generosity can go in dealing with their employees; and that limit is the competitive conditions that they must meet in relation to their less generous competitors.

And there is one other phase of it that should not be lost sight of, so far as the generous man is concerned. It is well to be gener-ous; it is well to be charitable; it is a good business proposition to deal with workmen in such a way that they will have no real grounds for complaint, that they will have no real grievance, and to carefully explain to them the conditions when they have an imaginary grievance. It is well to do that. But it must be remembered, after all, that the workmen are human. Material things are not the only things for which the employer stands, and materials things are not the only things for which a workman stands; and while he may appreciate his employer's generosity, while he may admire his charity, while he may accept the good housing conditions and the other fine surroundings that the generous employer places about him, he would rather live in a log cabin and subsist upon hominy of his own production and know that it was the result of his own efforts, than to live in the finest cottages that his employer can produce for his housing and feel, that those fine things came as a charity to him. He wants to have the right, the privilege, of doing something for himselt.

Not only have business men the greater power by virtue of their situation in dealing with the individual, but they also have the advantage in experience. The business man's view by virtue of his position, his directory position, the contact that it gives him with the world, gives him a broader view. It trains his intellect; it gives him the opportunity of dealing more intelligently with the problem than a workman can possibly do. So he not only has the advantage of his greater authority by virtue of the fact that when he speaks he speaks for all, and when

the workman speaks he speaks for but one one-hundredth or for one one-thousandth. And in addition to that the employer has the advantage over the workman in being an intelligent and trained business man, while the workman is possibly only an intelligent and trained mechanic, not trained in dealing with problems and with the handling of discussions. It is only when he has the opportunity that the employer exercises for himself, of selecting certain skilled men to present his viewpoint, that the workman comes anywhere near being equal with his employer in the handling of the problem; and consequently that is the only condition in which he comes near to the position where the resulting conditions will be comparatively equitable.

In handling the problems in the Department of Labor we have not sought to impose our viewpoint on the employers or upon the employees. I have told one of the viewpoints that I have relative to collective bargaining. We have not sought to impose that viewpoint upon employers or upon workmen in the handling of labor problems and labor disputes that have come up to us for adjustment. We have taken the ground that our part of the problem is to find some ground that will be mutually acceptable, even though it may not be mutually satisfactory, in order that industry may continue and in this emergency it occurs to us that employers should be willing to yield something for peace: that both ought to be willing to make the necessary sacrifices in order to keep our industries moving and material furnished for the maintenance of our armies.

So, in dealing with workmen in a number of instances I have said to them, "This is no time for insisting upon recognition of your union. This is no time to insist upon changes of standards. If you have been unable to secure recognition during normal times, if you have been unable to induce or compel certain standards that you believe you ought to have, under normal times, then you should not take advantage of your country's necessities; you should not endanger the future liberty of our people by insisting upon those changes at this time."

But I also want to say to business men that this is no time for standing upon their prejudices. This is no time for insisting upon profiteering. If the business man were unable to secure normal profits in normal times, then he should not take advantage of his country's necessities to force abnormal profits at this time.

DURING last May I had an experience in adjusting a labor dispute in central Pennsylvania. It involved all of the mine workers in that great district, a district which supplies the fuel for the industries of eastern Pennsylvania, New Jersey, New York and the greater part of New England. If they had stopped at that time for even a day it would have meant millions of dollars of loss-to the industries of the eastern part of our country. They were under contract for a given rate of wages and certain conditions until the 31st day of next month. Notwithstanding the fact that they were under contract they had given notice to their employers that they wanted a certain increase in wages; and that if that increase in wages were not forthcoming the mines would be tied up on and after the 15th day of May.

I sent for the representatives of both sides. I talked to them, and I negotiated a tentative agreement subject to ratification by the convention of miners. The officials of the organization were doubtful about their ability to get the convention of miners to accept the

tentative agreement that had been decided upon, and I consented to attend their convention. I did; and I found this kind of a situation. They left keenly the position they were placed in. They realized that whatever of strength or power or influence the labor movement of this country has acquired, it has acquired by virtue of its insistence that its membership shall live up to the obligation of its contracts. And they realized that they were in a difficult position.

WE drove it home to them, and this thought came out during the discussions, that notwithstanding the increased cost of living. while they were uneasy they had no thought of insisting upon more wages. They felt that it was to their disadvantage that they had made a contract extending over into next year, and that in the meantime the cost of living had advanced, and that the only thing they had to do was to bear as best they could the de-creased purchasing power of their earnings. And that feeling remained among them until a number of the coal operators in their midst began extorting five and six dollars per ton for coal that they knew could be placed upon the tipple at less than one dollar and fifty cents per ton. And so with the increased cost of living on the one hand and the profiteering on the part of some of their employers on the other, it was more than their membership could stand, and they insisted upon a rereadjustment of the wages. We patched the difference up. They continued at work.

Many to-day are wondering why there has been a spirit of uneasiness, a spirit of unrest amongst many of the wageworkers of the country. It has not been so treemendously great that we have not been able to adjust nearly all of the big troubles before they reach the strike stage. A few of the minor ones have reached the strike stage, and they have been annoying.

The greatest reason for the unrest on the part of the workers in the United States is that the story has gone forth that corporations engaged in the iron and steel industry have been making two hundred and three hundred and four hundred per cent on their investment; that corporations engaged in the shipbuilding trade have been making enormous profits on their investment; that corporations engaged in mining and in lumbering have been making enormous profits on their investments. In other words, the thought has been carried to the workers of the country that the business men of the country have not been patriotic, but they have been taking advantage of their country's necessities for the purpose of profiteering, and they have insisted upon getting their share of the swag. My view is that there should not be any swag between you to share.

This thing works, and must work, in a circle. If you increase the cost of food, then you must increase the cost of wages. If you increase the cost of wages, then you must increase the cost of the product, the selling price of the product. If you increase the cost of the food supplies in order to enable the farmer to make good on the machinery that he has to buy, and again you have to raise the wages, and again you have to raise the wages, and again you have to raise the food price, and so on in a circle.

The only great value that comes from the fixing of prices is that it stabilizes things. It gives you not a wage fixed by virtue of some arbitrary law of the government, but a wage fixed by virtue of the stability of the industry itself. It (Concluded on page 85)

THAT THIN RUSSIAN LINE

If Germany Breaks It, Her Forces Will Double On the Western Front; and We May Yet Have to Fight Her With Our Bare Hands

THE United States of America stands to-day in the gravest position that it has ever occupied. Even

By CHARLES EDWARD RUSSELL

Member American War Mission to Russia

in the worst moments of the Civil War wise men knew that from that emergency we should come in some state or other, one nation or two. But the issues of this war are such that m man may say with confidence now whether democracy' shall come forth from it to life, It is not sucrely democracy in Belgium or democracy in France that is at stake; it is, democracy all around the world; it is democacy everwhere that banes in the balance.

We have gone into this war, it is to be feared, with too little understanding among the people of the tremendous peril that controus this country. Because—stop to think!—at this moment mothing stands between America and the pit of a disaster almost inconceivable, except one thin line of Russian troops! That call. For if Russia should be overwhelmed, what follows? Why that would mean the climination of Russia from this centest. It would arean the release of a great part of the German troops that are on the Russian line from Riga to Romania; and they could be introled in an irresistible mass upon the Western tout.

There are 150 German divisions upon the Eastern front; there are only 125 upon the Western front. Suppose Germany should be able to release 150 divisions from the Riga to the Romanian front. That would mean that the German farces upon the Western front would be doubled. That would mean that there would rome down to the Western front his great tide of the German army with all their annumition, with all their guns, and hished with the greatest victory in history.

And what is there upon the Western front that could withstand such a tide? Nothing that is there now. We might as well be frank. We might as well confront the situation as it is. If that great army should come down upon the western front they might overwhelm France. If that happened, there would then be nothing left between Germany and world domination; nothing except the United States; and the United States, thanks to the Pacifists, thanks to the men that because they were blind thought nobody else could see-is without an adequate army, without arms, without munitions, without tools of defense, So, then, if that catastrophe should happen, which God forbid, we would be left to light Germany alone with our bare hands; and that would mean a war of at least five years. would mean the expenditure of two million American lives. It would mean the expendi-ture of probably fifty billions of dollars of American treasure. That is the thing we That Russian line stands between us and that abyss.

What keeps those Russian troops there? It they fight, what makes them fight? The tight because it is the will and determination and resolution of the Russian people that they shall fight. For in Russian to-day, the will of the people is absolutely supreme. Everything for freedom depends upon the will of the Russian people at this crisis.

Then look at such a moment when the fate

of the United States is hanging in the balance. In the Congress of this nation there come creeping through the Congress like the copperheads they are, men that call themselves Americans—men that have taken the oath of allegiance to the United States; and, protected by their place under the security of their position in Congress, they are trying to drive the poisoned dagger into the back of the Republic in her hour of trouble. We read in our newspapers the other day that Riga was captured by German troops. It was never captured by German troops. Riga was captured by Robert M. LaFollette, Senator Gronna, and Old Bill Stone! They captured Riga!

And what this nation should do with its traitors in Congress is exactly what Abraham Lincoln did with the LaFollette of his day. He had a LaFollette in his time. His name was Vallandigham. At the time when the nation of those years was struggling for its life even as it is now, this man Vallandigham, from the security of the sutlers' wagon, was trying to shoot the republic in the back. In exactly the same way he placed his obstacle in the path of every measure the government proposed for the protection and security of the nation. In his place he arose day after day and faced every war measure with "Lobject". until Abraham Lincoln growing weary of his until Abraham Encom growing weary of this treacherous performance took that snake by the back of the neck and cast it over into the Confederate brush and said, "You sympathize with the Confederacy; go and live in it." So I say, declare to these men in the Congress of the United States, "You sympathize with Germany, go and live there. You want the Kaiser to win; go, then, and dwell with him!"

Because here in the United States, when the future of liberty depends on the issue of this war there is not one inch of room for a traitor or a copperhead.

IF peace were made to-day Germany has won. We hear the pacifists going to and won. We hear the pacifists going to and for issuing their willy twaddle of peace by negotiation or peace in some other way. If we make peace now, we surrender to Germany-Look at the map. Observe the tremendous territories that Germany has conquered and overrun; the whole of Belgium, all northern France, all of Servia, Montenegro, Poland, a slice of Russia—enormous territories that she has seized. They are her tremendous pawns. If she comes to the peace council, and if then she is to restore Belgium, she must have compensation. The only compensation she can have is the return to her of her conquered colonies and more.

So the result of that would be that Germany would be back where it was on the first of August, 1914. She would be back there it was on the first of August, 1914. She would be back there and stronger than ever. Other nations have become weakened. She has not weakened in transportation and in goods. All of her resources she gets back again in a more commanding position. Germany then would dominate the world. We are surrenderine to Germany the throne

of this globe if we make peace now. That would mean that Germany which provoked this war which most was

this war, which most wantonly in the face of God and man brough down on humanity this tremendous disaster and caused this unequaled sorrow and suffering, not only goes scot free and mpunished, but is stronger than ever.

That is what you mean, pacifists, when you talk about peace.—Peace?—Peace?—Thene can be no peace; never can you have peace in this world until the issue in this world war is determined. Because this is no conflict between nations, or between races, or for territory or islands or commerce. This is a struggle between two irreconcilable principles -two principles of human file, two theories of government and human existence that never again in this world can exist safe by side in peace. They are the principle of government by inherited right and the principle of government by the people.

IF all these gathered forces of autocracy and reaction win in this light, then autocracy becomes the principle of the world. Not only that, but the German theory of government becomes the theory of all mankind, the road to national success becomes the road that Germany has traveled. That means that the German code of ethics is adopted by all That means that there is nothing in the world worth striving for except material eain. That means that all the nations shall devote themselves to nothing but to grab, to keep and to hold; to trample upon the weak. to know no law except that of the strongest arm and the iron heel; to go on and trample over every right, to acknowledge no treaty as binding, to tear up all agreements, to go on and on to the victory of material forces alone. In such a world, life for the peoples who have tasted liberty would not be worth having.

Not only that, but remember always that nations are but aggregations of individuals. If then, you tear down every principle of moral conduct that society has recognized hereto-fore—if you do that among nations, you do exactly the same thing among individuals. You destroy every recognized standard of moral conduct heretofore. You erect in this world a new system, a system under which noman would have faith in his fellows. Every agreement among mations would become nothing but a scrap of paper. Every individual in business and private life would be on the same terms in regard to daily affairs. No man could trust his fellow. There would be no confidence. Every man would be compelled to regard his fellow man as probably a thie and a liar. There would be nothing left but the principle of greed and gain, to walk over the weak, to acknowledge no right, to build your entire society upon this principle, that might makes right. And that is what we confrent, and that is what the confrent, and that is what the other of the society work in the second of the sum victory.

Between us and that indescribable calamity, which would be the greatest that ever befell the human race, arises now the magnificent new democracy of Russia and throws a shield in the path of the advancing peace.

Democracy is safe in Russia. The Russian people are truly democratic. There is no danger to democracy from the inside of Russia. but there is imminent danger from the outide. We must remember all the time that there went down in Russian waters on the 12th of March, our calendar, the greatest old hulk of autocracy that ever floated. Here was an institution that for generations had ruled the country, that had been present always before it, that had terrorized and dominated it; and all of a sudden, in the turn ol a hand, this hulk sunk. In the great swirl of waters that naturally and inevitably happened there was confusion. Of course there was confusion' What could be expected? This tremendous thing had suddenly gone You can not destroy a great institudown. tion of that kind without creating confusion. It is not in human nature. Confusion? Why the American Revolution began in 1776 and it was not until 12 years later that America formulated a permanent form of government. Can we expect Russia to do miracles? It is six months since the Russian revolution. Taking into consideration every-thing that happened, and the tremendous nature of the institution that was destroyed, the tremendous nature of the problems growing out of the war, Russia has done wonders.

THE Pacifists are going to and fro saying that we should lend no more money to Russia because Russia is a bankrupt country.

Russia hankrupt? Preposterous!

The resources of Russia are probably tentines its total national debt. It has resource upon resource untouched; and it has one asset still greater than those: The most famous of American business men said a short time before hedied that the basis of credit was confidence; and the only basis of confidence was character, and that, therefore, the foundation of commerce, the foundation of business, was character. The Russian people have high character. They have a lotty and an exalted character. They have genuine character.

We read in our newspapers all kinds of dreams and imaginations about disorder in Russia. On the day that the revolution succeeded, there is no disorder in Russia. On the day that the revolution succeeded, there disappeared in an instant, in the twinkling of an eye, that whole vast police system, one of the greatest and most wonderful institutions ever-invented by man,—a tremendous power. There were two forms of police—that which patrolled the streets and kept the people in subjection; and then there was this tremendous

force of secret police, the detectives and spies and agents that went hither and thither under cover,

creeping into unexpected places, listening at keyholes, boring holes through walls to spy; so that the chill of the fear of it was upon every heart, and no man might enjoy liberty under that most hated and most hateful system. That all suddenly disappeared. The whole police force was gone. There were no police left in Petrograd.

Here was a city of two million two hundred thousand people without any police. To-day there is no police force in, Petrograd except the volunteer militia, men without uniform, without arms, who wear upon their left arm a brass "R" indicating that they belong to the municipal militia. And yet from the moment that the ancient and hated police disappeared to this time there has been no disorder in Petrograd. Petrograd when I was there was more orderly, safer, better to look upon and better to go around in at all hours of the day and night than any great American city with all of its police.

I say, then, that such people that have such a power of self-restraint, of self-control, that are devoted to the essentials of order, that have such innate' respect for the rights and property of others that when all restriction is removed and when all police supervision has disappeared, they still walk the straight path of duty—I say that such a people have such a character that all the world can trust them implicitly.

No: have no fear about Russia. The only thing to be afraid about is the United States. We may well be afraid of conditions in the United States, when we see treason unrebuked in the streets, when we see peace conventions called and held, when we hear members of Congress talking treason, and when we see strikes fomented between labor and capital. Now I come to the next branch of my subject-and I have in mind all business men,-for the fate of this nation hangs largely in the hands of business men. Many of them are men of influence. They speak to their communities and their voices are to be heard in those communities. What they say has weight. Therefore, it is of the greatest possible importance that they should see these issues clearly, and they should understand that nothing, absolutely nothing, is of any importance to us at this moment except that the Republic should live.

In Duluth, last week, when I was there, I read in the newspapers that the government had made some kind of an arrangement with the Lake carriers for freight at prices that the newspapers said assured carriers in the late newspapers said assured carriers in the late of the control of the late o

of Germany and reaction.

Every man that foments a strike, whether he knows it or not, is unfaithful to his country, Every employer that forces a strike is equally guilty. At this time, there should be no strikes.

I read that there is threatened upon the Great Lakes a strike of 2,500 seamen. That would tie up all Great Lake traffic. If that strike should come, it would be a victory for the Kaiser far more important than any hisarnies have won, because the entire northwest is now almost denuded of coal. I say, then, that that strike must be averted by whatsoever sacrifice.

I have had much experience with labor unions and strikes in my time. I was for some years in charge of a great business institution in Chicago. We had every branch of employment in that institution organized. Even the scrubwomen were organized. I had dealings with unions every day. I know it was not pleasant when I had made my contract for the coming year to have the drivercome in and demand an increase of wages from \$11.50 to \$15.00 a week. But I found this to be a fact, and I believe now I am enunciating a tremendous principle of truth. that there was no labor difficulty that was presented to me in all my experience that could not be solved by a spirit of mutual con-cession and good will. And it ought to be solved, because we can not afford at this time to have any strikes. (Continued on page 81)



Catch-As-Catch-Can After the War

We Must Be Prepared, When Peace Comes, To Capture a Foreign Market To Match Our War-Stim-ulated Industries, or Face an Industrial Cataclysm

EFORE the war our volume of manufactured exports was a very small one, comparatively. The government fig-ures show that in the year 1913 something like 50 per cent of our exports were manufactured products, the other 50 per cent being raw materials. But in going over the list of manufactured exports, one finds many things that are really war materials.

For instance, in my own business, copper in plates and bars is listed as a manufactured product. It is not. It is simply fit for manufacture. It is a raw product. There are many other things in the same category. Taking those things and putting them where they belong, on the list of raw materials, we find that 32 per cent of our total exports in 1913 were manufactured, and 68 per cent

Of the 32 per cent, when we take out the three items of mineral oils, iron and steel, and harvesting machinery, we have about \$350,-000,000 worth of manufactured exports left. In other words, taking out the three lines that are more or less dominated by large concerns. concerns that have been called trusts, concerns that have been vilified and been abused for doing things in a large way, we find that there are about \$350,000,000 worth of manufactured exports left, in the year 1913, about \$3.50 for each head of our population. It is a pitiful showing. I only call attention to it because that is where we begin, when this war is over,-just where we left off in 1013. unless we take such steps to extend our export trade in other lines than the lines that we are properly engaged in manufacturing to-day.

We are making to-day in enormous volume, in the billions of dollars, and employing millions of our men, making machines of war and munitions of all kinds, materials for trans-portation, all kinds of clothing, and everything that is necessary to fight with. But when the war ends, that demand ends in-

stantle

What are we going to do to replace it? What is going to take its place in keeping the labor of this country employed? Are we going to drop that business instantly? We are going to be worse off, as far as the end of the war is concerned, now that our government is in, than we would have been had not our government come in. Previous to the entering of our own government into the war, the Allies bought here in large quantities for long periods ahead. They were bound to take these goods whether the war ended or not. Our own government is not going to buy that way. It is going to take the goods when it needs them, and when the war is over, it is going to stop taking them for itself and its Allies. And we must find employment for the millions of men making those materials now, or, if we do not, we may witness the greatest cataclysm the world has ever seen, the greatest disaster to labor and the greatest disaster to the country the world has ever seen. Throw these millions of men out of employment, and while they are waiting for new lines and the development of new business, you will find such distress and disaster in the country as never before has been known.

How are we going to prepare to employ the

labor that is now employed in making munitions of war? I can only see one chance to employ it. We will all agree that the domestic consumption will not employ it. We will all agree that the domestic needs cannot begin to take care of it. So we must find markets outside of our own country, and we have to find those markets for the products of peace, for the needs of peace, for the things that people eat and wear and use when they are not at war. How are we going to do it? If we ended before the war with \$350,000,000 worth of that kind of trade, what are we going to start with after the war?

We can extend our trade in a very short time to such an extent that we have never dreamed of providing we are equipped to go to the countries that will need our goods and offer them our goods, in such shape and such way and with such facilities, that we are going to have the advantage over out competitors. We will have the advantage over the competing nations of having the capital. We will have more capital than any nation in the world. We will have the advantage that our labor has been employed in manufacturing rather than in warring. We will have many advantages. But they are advantages that will disappear almost as the mist if we are not prepared to divert the work of the people engaged in manufacturing munitions into making things that we can sell, and unless we can find a market in the countries that markets have not yet been established in, we are not going to be able to sell them.

AKE Russia, for instance. Is thereany body Take Russia, formatained that the Germans so simple as to believe that the Germans who supplied Russia with practically every-thing that it needed, outside of its own production before the war are not going to get the Russian trade after the war, with advantages in the matter of price, just as well as they got it before? Is there any news from Russia that would indicate that Russia is going to refuse to trade with Germany after the war? Germany has supplied Russia for a generation. If we are not equipped to handle Russian trade and Russian business as well as Germany she will supply it again after the war. How are we going to equip ourselves?

I take Russia as an example. But the whole

world, outside of the principal manufacturing nations of Europe, all of Asia, and all of South America, will be in the same category. How is any individual manufacturer, or producer, in this country, or a small corporation, a man doing a business of a half a million dollars a year, going to know anything about the Russian needs? How is he going to know anything about the Russian market?

He cannot afford to have a study made; he cannot afford to have transportation facilities arranged. He has not the capital. He cannot develop market enough to do it. But if we can combine a number of the principal manufacturers, in one line, and together develop these needs, together study the situation, we can provide these stocks before they are in shape to handle the

And that will apply in all of the other countries, the South American countries, just as JOHN D. RYAN

well. If we have not that knowledge, and we have not that ability to trade after the war, and we have got to go and fight and start from nothing, we shall be just as badly off as we were before this war. And we will not have France or any other Ally to hold the line for us for a year while we are getting ready.

I do not propose that one moment's time, or one man's labor, or one dollar, shall be diverted from the one single purpose that we ought to have in mind, of winning this war, I do not propose that anything shall be done that will interfere with our present duty, to win the war. But I do propose that our industries, our manufacturers, our dealers in every line, shall study the situation, shall get together, shall work out these problems in advance, and be ready to take advantage of them when the war ends.

THE situation with regard to legislation, I think, is a favorable one. The House has twice passed what is known as the Webb bill almost unanimously. Day before yesterday it was brought up in the Senate, after a great deal of delay, and a great deal of dilatory tactics, such as unfortunately we see in our legislative halls at times. We are in great hopes that the delay will not defeat the pas-sage of the Webb bill at this session.

The Webb bill simply provides nothing more than that manufacturers and exporters of every kind shall not be bound by our antitrust laws when they are doing business in a foreign market. It is only a sensible thing. A foreigner is not bound. Nobody ties the hands of the Englishman or the Frenchman or the German when he is fighting in a foreign market; and if our hands are tied by our laws. and we have to do business as we would under the Sherman law in this country, we are at a disadvantage, and we are apt to get licked; we are almost certain to get licked. The Webb bill simply takes the bonds off our hands and lets us go out into a fair fight in an open field, and lets us take our chance, and we are all willing to do that.

There has never been such a commercial struggle since the world began as will take place the day this war ends, and I am hoping that the work of commercial organizations throughout the country in preparing this country to take its part in that struggle, has been done. I hope the manufacturers and the producers of all kinds in this country will organize and shape their affairs so that they will be able to take advantage of the oppor-

tunities when the war ends.

In asking legislation, we are not asking anything in the nature of a subsidy, or anything in the nature of a protection. We are asking simply freedom. We are asking that we be allowed to do what our competitors, who may be Germans or French or English, or other nationality, may be permitted to do, seek the market and go after it in the same way. Their governments support them and en-courage them to combine. Their governments give them every facility, in the way of subsidies and otherwise. We do not ask that. All we ask is that our Government permit us to go out and make a fair fight.

I believe the prosperity of this country after

the war is going to depend almost entirely on the size of our export trade. If our domestic trade is the only important trade we have to depend on to keep our people employed, we are going to have serious times. If our export trade is developed as we have the brains and money to take care of it, we should not see any serious falling off in the business of the country for any length of time. On the other hand, with our means, with our opportunities, and with the education we have had in export trade, if we build it up, we ought to find after the war a long period of substantial progress and prosperity.

War Problems of the Retailer

Ways and Means Discussed and Radical Measures Adopted as Solution at a Special Group Meeting of the Wat Convention of American Business

N interesting, though relatively un-spectacular side of the War Convention of American Business is to be found in the so-called Group Meetings, whose purpose it was to allow a full discussion of certain matters, to the end that definite conclusions might be reached and resolutions passed regarding them. Some of the addresses delivered at these meetings were so significant and present so many points of national im-portance, that it has seemed advisable to present them separately, and often in full, in other parts of this issue of The NATION'S Business. Others, however, dealt with matters that are of interest to a comparatively restricted class of readers. These, because of their number, and by reason of limitations of space, we have gathered into a single short report for the information of readers who seek information on some of the more detailed work of the Convention.

Of especial interest to retail merchants was the Conference on Retail Trade Conditions, Prices and Distribution, with A. Lincoln Filene of William Filene's Sons, Boston, acting as Chairman; and the following as Leaders: Wallace D. Simmons, of the Commercial Economy Board, Council of National Defense: Bentley P. Nefl of Duluth; H. S. Porter of Cambridge, Mass., and Henry S. Dennison of the Dennison Manufacturing Company

Probably the most important thing brought stit at this conference was the fact that the Chamber of Commerce of the United States was favorably disposed toward the suggestion of the National Mercantile Educational Association, that a Bureau of Business Economics, the established which will enable the Chamber to act as a clearing house for problems in business economics, and to solve them by thorough going fieldwork and research. This important announcement came from Mr. Neff.

After explaining that the National Mercantile Educational Association has for the last two years been studying the problem of the standardization of merchandizing methods, Mr. Neff said:

"After studying and investigating many propositions, it was the unanimous decision of this group of men representing over one hundred thousand of the business institutions of this country that the Chamber of Commerce of the United States of Amer-

ica was the proper place to handle it by being the clearing house for such a proposition. Representations were made to the Board of Directors; and through the courtesy of the Board of Directors of that organization a committee from the National Mercantile Educational Association was given and hour last Monday. "This," in our estimation.

would be an important development in the work of the United States

Chamber of Commerce. It would mean their members getting together toward working the matter out to the best interests of this country. It is of just as much interest to the consumer as it is to the manufacturer, the wholesaler or the retailer. hope if the plans shall be finally adopted, to start field work through the commercial organizations throughout the country, and to to get into intimate touch with every storekeeper, whether he be in the large metropolitan centers, in the towns, in the villages, in the hamlets, or at the cross roads. Every merchant in this country, would thus have a great central bureau to come to, and every merchant in the country can be reached through this bureau. I think that it is of the most vital importance that the work of the Economy Board should be placed in the hands of every retail merchant in the United

"I am sure that from this day forward the services of the retail merchants of this country will be used in a very large degree, a much larger degree than they have ever been used before, and particularly through the coordination of this bureau of the Chamber of Commerce."

The prevailing opinion of members of the meeting with regard to the general problems discussed seems to be well summed up in these words by A. W. Shaw, Chairman of the Commercial Economy Board, who made a short address near the close of the discussion:

"We have got to get down to fundamentals in this country. We have got to go back to our business with uniforms on and find out how we can bring about a readjustment and a distribution that will in the end tend to reduce the cost of merchandise to the people on a basis that will in any important emergency release all the men and all the capital that can be released, so that you will not have to draw upon the vital industries of building ships, ships and ships, and cars and cars and cars and cars. and we shall not need to draw upon these industries in order to give packages joyrides to the homes of people who can easily take them home or be content with a single delivery a day."

The importance of the problem of retail distribution was stated very concretely by Mr. Dennison. Speaking of the delivery problem as it has come to the Commercial Economy Board, Mr.

I can stand it if the Kaiser can Commercial Economy Board, Mr. Dennison said:

"A keen competition for service had developed among department stores and other retail stores, a service beyond the needs of a warring community. It may be debatable whether it would be beyond the needs of a peace community, but that does not interest us now. It was certainly a service beyond what a community at war could expect, such as purchasing a spool of thread to be charged and delivered miles away, as an extreme case. There was an excess service, taken as a whole. which amounted to very material figures. While there are no authentic figures obtainable. we feel perfectly safe in stating that the delivery system of retail stores had in it a hundred thousand men available for service for the United States. Whether those thousands of men went, or went into a trade and released the men who would go, is entirely aside from the question. We have asked retailers not to replace the men who volunteered and who were drafted. I believe that forty or fifty per cent of the men delivering goods in the United States could be spared without undue suffering or loss to the community. We have tried to take practical first steps and to confine ourselves to those first steps. We have therefore asked that the number of deliveries per day should be reduced. We want the number of deliveries reduced to one per day, or, at the most, where the conditions demand it, two per day. Those details are familiar to most of you, and the difficulties and the specific conditions that make it hard in one town or harder in one case than it is in another have been picked out many times.

Mr. Dennison then went on to mention what he called examples of superfluous service in a war community. Among them were the excessive number of styles and patterns of goods offered in such things as men's and women's clothing, in which the variety of patterns is a hundred times greater than it needs to be.

Another source of waste and of overproduction, Mr. Dennison said, is the system of returns and cancellations,—which is a problem of surplus service. Measures are being taken toward the elimination of overproduction from this source.

Other speakers, in a detailed discussion of the delivery problem, argued and suggested many specific devices, such as charging ten cents for all deliveries of purchases of less than a dollar; of charging for every piece delivered; of co-operative delivery systems; of one or two deliveries a day, and similar plans that have long been familiar to the retail trade. In this connection many personal experiences with these devices were related.

It is important here to correct a mistake which appeared in the trade paper reports of the meetings. Mr. Francis Kilduff reported that 116 cities from 35 states had replied to notifications sent to retailers, and recorded their adoption of resolutions passed curtailing their deliveries to one or two a day, and accepting the balance of the resolutions practically as they were rendered. He added that daily reports from all over the country showed that the merchants of practically the entire country are in sympathy with the movement; and there is every likelihood that the spirit of the resolutions will be adopted in every city

and town. Owing to an error this was reported as coming from only 116 merchants instead of 116 cities. The mistake was corrected in a letter to the Chamber from Frank H. Young. Secretary of the Retail Drygoods Association.

One lively dispute arose during the meeting over the statement of a gentleman from

Toledo that 95 per cent of the retail merchants of the country hardly know there is a war, and that the men at the meeting need not hope to go home and find the enthusiasm that they had found among men of business at the convention. Mr. Neff demanded that the 05 per cent part of the statement be with-drawn, and asserted that fully forty per cent of the merchants of the country have heartily cooperated. The gentleman from Toledo refused. The difficulty was finally smoothed over by Mr. Simmons, who said, amid laughter, that he was of the opinion that both of the gentlemen were partly right and partly wrong; and that it was a question of getting their definitions mixed, as to what "knowing there is a war" really means.

The necessity for thoroughly worked out cost finding methods was urged as a patriotic duty, and as necessary to the solving of the

whole delivery problem.

Finding Their Place in the Community

Commercial Organizations, Busy About Many Things, Sometimes Mistake the Superficial and Spectacular for the Worth-while

NE of the most important of all the group meetings was that on the Functions of the Commercial Organizations in War. This meeting was attended by representatives of local commercial organizations to exchange ex-periences and consider what further steps might be advisable in connection with this question. The chairman, John H. Fahey of Boston. The leaders were Edward A. Filene of Boston; A. W. Shaw, Chairman of the Commercial Economy Board of the Council of National Defense; and James A. McKibben. President of the National Association of Commercial Organization Secretaries.

Mr. Shaw, the first speaker of the meeting, made a strong plea that the business organizations of the country cooperate with organizations of the country cooperate with the Commercial Economy Board, "It will often be necessary," he said in part, "for the business men to feel that the recommendations we make are based upon knowledge that is definite and accurate, even though it is not always possible to disclose the facts on which

we make a recommendation. .

The business men of the country confront this peculiar situation, that if we are to continue in a democracy of business, as a demo-cracy, we must bear the burden just the same as the government would bear the burden if it took over the control of business; and to the extent that we as tree agents hand ourselves together to carry out the work of the government, to that extent will we postpone and obviate the necessity for govern-

business is a very serious matter. It is a very serious matter not only for the period of the war; it is a very serious matter to consider for the period after the war. England has in certain commodities exercised government control and restriction. England, I am sure the English will admit, has not always been successful in government control of business, and even in the beginning of the fourth year of war, there are murmurings in certain fields of activity that the government control has not been as satisfactory as it should have been. But the fault is entirely on the part of business men, for it business men will band together one and all, every one, not just a few, to do what they should do in the defense of the nation, there is not any need for government control, because the object will

be obtained without the tremendous staff necessary to apply government control. And the knowledge that will be brought to bear upon the problems will be better knowledge than could be brought to bear upon the problems if these problems are given over to men who are not familiar with their businesses.

"The difficulty is to have universal service in the business trenches. It would be absolutely impotent for a certain group of patriotic men to cooperate with the government unless that cooperation is complete and general.

Mr. Shaw was followed by Mr. Filene, whose talk on the importance of international relations between our business organizations after the war, is given elsewhere in this issue.

Charles H. Sherrill, Adjutant General of the State of New York, followed Mr. Filene: and spoke of the working of the draft in New York State; and in the course of his address paid a high tribute to the business men of New York. He said that he had drawn to the support of the state military authorities the chambers of commerce of the state by creating in his department a division of organized commerce. A motion was introduced com-mending this action, and recommending it to the attention of other states.

One of the most interesting addresses of the afternoon was that of Mr. McKibben, of Boston, Mr. McKibben made a vigorous attack on the shortcomings of commercial organizations. He admitted their good qualities and their excellent work; but he pointed out that there is much in the average work done by the average commercial organization that is superficial, popular, and easy rather

than strongly constructive. We quote here sections of Mr. McKibben's address bearing on this matter:

"The first thing unfavorable which it seems to me the war and the situation created by it has shown to exist with reference to commercial organizations is that we have a decided tendency to take up things which attract attention, which will excite applause and

approbation, which will give publicity in the newspapers, rather a little bit regardlessdo not mean, entirely so-but a little bit-as to whether that is the wise and most effective thing to be done.

"I shall not enlarge upon that point, but I think all of you will agree that there are two general classes of work in a commercial or-ganization. The first is that kind which attracts attention to it, which excites approbation and applause, which can be done quickly, which usually can be done easily, and which gets you publicity in the newspapers. The other class is that which means hard, consecu-tive work, which does not show results for a considerable time probably, which does not attract attention to it because most of your members and the public do not know what you are doing, and which does not get you pub-licity in the newspapers because, unfortunately most of the publishers of newspapers do not consider it news. And yet that second class of work is the class of work that, in the long run, is the class of work upon which the commercial organizations must depend for their success.

Now, do not understand me in the least as underestimating the value of publicity. What I mean to say is that the best kind of commercial organization work means the proper mixture of the two things, and I regret to say that as a general rule commercial organizations have shown a decided tendency to choose those things which will get them publicity and show immediate results rather than take up the other things which mean much greater results in the long run.

WANT to refer further to just one other matter in connection with commercial organization work, which it seems to me the war has shown up, and that is that after you have said all you can say about what commercial organizations have done-and you can say a lot-if you look at all the facts of the situation in the case absolutely, calmly and analyze them without any personal leeling or bias, I think you will have to admit that the work of commercial organizations is, after all, comparatively superficial.

"What, for instance, have organizations done in connection with the war? They have been selling Liberty Bonds; they have been helping the government get those things that it needed for its immediate necessities. I shall not try to enumerate them. They have been doing, in short, everything which at that particular moment was in people's minds which needed to be done at that moment, and they have not taken up, as a rule, those deeper and more vital and fundamental questions raised by the war, such, for instance. as what is the activity of the war, and what is going to be the effect of the war on the supply of labor and the relations between employers and employees. Or what is going to be the effect of the war on the demands for capital on the part of private industrial establishments, in which class I should include railroads; or what ought to be done with reference to the situation as it has developed in that respect and is likely to develop? For instance, should the situation be allowed to go on and cure itself, or should something



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The 8th edition, issued November, 1916, was exhausted before March 1 following, and more than 2,000 delayed orders could not be filled. The new edition (9th) is now on the press, and will be exhausted soon. Write for specimen pages and Free Examination blank at once.

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They have proved the most efficient corrective for the demoralizing tendency to demand and obtain too much credit and are therefore, an opponent of extravagance and an advocate of thrift.

The Sperry & Hutchinson Co. 2 West 45th St. New York City be done with reference to this question for capital for private and industrial establishments? The demand for capital is going to be increased very rapidly and the supply is going to be diminished. The interest rates are going to be increased, and will keep on increasing. Should that situation be let go on and take care of itself? I am not saying that it should not; I am saying that that is one of the questions that should be seriously considered.

"Something over a year ago wheat was selling at \$1.50 a bushel and everybody was marvelling at the price of wheat. Some people said, is it not time that the government should step in and regulate the matter? Pretty generally people said no, it will take care of itself. So it went on taking care of itself, and, finally, the government did have to step in and regulate it. But when it stepped in what did you, find? You found wheat fixed at \$2.20 a bushel to the producer instead of \$1.50. Had, the government stepped in at an earlier period the producer would have been tickled to death to have gotten the \$1.50 for his wheat, and bread would have been fixed in proportion to the \$5.50.

\$2.20. You may argue that that will kill business. Well, in England they long ago decided it was desirable to regulate the matter, and it has not killed business in England.

England.

"Those are just a few of the deeper, more fundamental and vital questions which it seems to me the chambers of commerce ought to be taking up, and which they are not taking up to the extent to which they should, and I regret to say that when they do take them up they do not go into them as deeply as they should.

"Before I sit down I just want to say one other thing. I hope there will not anybody go away from here setting me down as a pessimist as to commercial organizations and their work. I am not. I am a decided optimist about such organizations, but I do not think that is any reason why we should shut our eyes to the fact. The idea back of commercial organization is only now partially developed. I believe that commercial organizations will develop by taking up this work and that twenty years from now they will occupy a place in the community which very few of us now dream of their occupying.

Bringing Factory and Government Together

How Shall Lines of Communication be Established in Order That Manufacturers May Render Greatest War Service to Country?

OW can manufacturers and trade associations organize in order to serve the government better?

That was the problem considered at a group meeting of manufacturers and representatives of trade organizations at the War Convention of American Business in Atlantic City. These men did not come together for their own profit. Their spirit was manifested in the question, expressed or implied, by every speaker, "How can we help the country to win this war?"

William Butterworth, President of the John Deere Plow Company, Moline, Ill., chairman, gave tone to the meeting when he declared:

"I have been impressed with the unselfish and patriotic attitude of business men in connection with the war, above all with their eager desire and determination to make any sacrifice demanded by the government. Members of Congress and the Administration should understand that business is only waiting for the call. I know we all feel that every business man, big or little, should not only do his bit, but, to use a little more of a war term, every business man in the country should do his damnedest to win this war.

The same note was sounded by Samuel M. Hastings, President of the Illinois Manufacturers' Association:

PERSONAL, patriotic service of American business men is needed if we are to win the war for liberty. Each one must do his part, gladly, cheerfully, efficiently and above all, unselfishly.

"American business men are responding now, as they always have responded, to the needs of their country, unselfishly and patriotically,

"The business men of the United States, as well as those of England, Canada, France and all the countries engaged in the war, by their capacity for organization and efficient leadership, are a mighty aid to the government, and the Chamber of Commerce of the United States and similar organizations are setting an ex-

ample that will go down in history with instances of unswerving devotion that have gone before.

"Peace may come sooner than we expect, but we would be negligent if we did not take such measures as will enable us to carry on the war effectively and successfully for the nextthree years, or longer if necessary.

THE call to our industrial forces spoken for by Mr. Butterworth is, in broad terms, to produce. That demands the highest possible efficiency. It demands thorough organi-

zation. "This meeting is to discuss how manufacturers and members of trade associations may better organize to serve the government and develop their output," said Walter S. Gifford, Director of the Council of National Defense, whose remarks are reproduced in full on another page of this magazine.

on another page of this magazine.
"I was afraid,"—this from George D.
McIlvaine, Secretary of the National Trade
Organization Secretaries—"when Mr. Gifford
spoke of lack of organization that those not
familiar with what has been done might get
a wrong impression of actual conditions.

"There are more than 50 national trade organizations in this country having a life of from 15 to 20 years, and there are hundreds of well-organized trade associations in esteence to-day. I am frequently asked 'what are these trade organizations trying to do?' and my unfalling answer is, 'to make a better manufacturer or a better merchant out of the man who is below the level. They are trying to do that through cooperative effort along sonorwed educational lines.

approved educational lines.
With that as a foundation, Mr. McIlvaine went on to ask, "What should be the government's avenue of approach to any given line of industry? I believe that the logical and the easiest point of contact, and the only successful one, is through some well-established, well-recognized national trade organization. In any industry nationally organized, the great body of progressive, farseeing men in that line, if not the numerical

majority, are engaged in the upbuilding of that industry through cooperative efforts.
"There probably are not a dozen important

"There probably are not a ozen important lines of industry in this country that are not already organized. Therefore we have the groundwork of such an organization as Mr. Gilford refers to. With the cooperation of those still outside of the national organizations, the trade associations of this country could present a solid front, and come to the assistance of the government in a manner

assistance of the government in a manner truly effective.

"The secretaries' organization advocates some action by this convention that will bring about the appointment of what might be termed a war service committee in every national trade organization in America.

CHARLES S. BRANTINGHAM, Chairman of the War Emergency Committee of the National Implement and Vehicle Association. told of what that association is doing along the line of Mr. Gifford's suggestion.

"Our association, within a week after the declaration of war, tendered the services of its executive officers and of the association to the government. A committee, known as the War Industries Committee was appointed. This committee has worked with the government in the direction particularly of establishment.

lishing priority.

"It seems to me that this matter of priority is of very great importance. As an illustrawere called upon to take an order for certain munition wagons necessary for the use of the government. When these members went to the steel company to get their materials, they found that other government departments had taken up the output of that mill, and that if they would step aside, they could possibly get in.
"I know from my personal observation that

during the past three or four months wonderful progress has been made. The priority committee is taking decided steps in the right direction, and through the War Industries Board and its priority committee I think we are going to find a material relief on this particular subject.

"But as yet, if I am correctly informed, there is no real authority. I believe that the government must establish that authority, so that business men will know where they stand. I believe there should be in Washington a body which would tell us yes or no to questions we might ask. In many respects that is im-possible to-day. But, I believe we are fast going in that direction.
"I believe that authority should be given

to the Federal Trade Commission, or some similar body, so that these trade organizations might know what they are permitted to

do legally.

"One of the most fortunate things that business will derive out of this war, in my judgment, is the bringing closer together of business and government."

I HAVE been interested," said Mr. Butterworth, "in what has been said about organizing industries and working through such organizations with the govern-ment. I should like to give an example of what that means.

"The government needed 34,000 wagons. It communicated with our association and a committee was sent to Washington. That committee included members from outside the association, distributed geographically, so that it represented the entire wagon industry of the country. Within a week they had gone over with the government the whole question of wagons, the type of wagon, standardiza-

Fifty thousand copies of this magazine are being read by the most influential business men in every branch of finance, commerce and industry.

These men will spend millions of their own money and hundreds of millions of their companies' money during the next twelve months.

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tion, specifications, deliveries, and the character of the contract.

"They took with them cost sheets showing the cost of that wagon to the industry. There was a cost sheet based on what any member of that industry could do in making up that wagon. Those cost sheets were handed over to the government. Then the formal contract was drawn up. "After the European War started we

worked with the Quartermaster's Department to have that wagon commercially standardized and fixed so that it could be built in any wagon factory without the buying of additional machinery. For instance, take a box board. You cannot find a 20-inch board anywhere now. So they took a to-inch board. An irregular brace was taken out and another brace put in its place, and things of that kind were worked out before we got into the war, so that the wagon was pretty well standardized. It was still the same wagon, but it was so made that it could be built in the shops of all our wagon makers.

"After going over the contract and determining upon the wagon, the committee said to the Quartermaster General: Here is what this wagon will cost us. What are you going to pay us? The Quartermaster General said 'We will pay you this price', naming a

price which gave everybody a profit.
"When you go down to Washington and talk to those people down there, in a plain, straighforward way, you will find no difficulty whatever. We had no trouble at all. They said, 'We will pay you this price for the wagons; go back and place orders for them.'
"When we went to Washington we thought

the government wanted only 8,800 wagons. We found there was only enough seasoned material in this country for 10,000 wagons, and that was scraping the country all over. When the government officials found that that was the lumber situation, they said 'We want 34.000 wagons. What are we going to do about this lumber business?"

"That was the question that was up to this committee to solve. They could not go out and buy 34,000 wagons, and ark every wagon maker to go out and buy the lumber in the market. They had to arrange to supply the lumber. They took three of the best lumber buyers in our industry and put them in different districts so that they were not bidding against each other. The man in one district bought all the lumber for the wagon makers in that district, and so on. We also had a conference with the lumber committee of the Council of National Defense, and they were very helpful in keeping the price of lumber down.

"We never could have done anything if 50 or 60 wagon makers had tried to go out and buy this lumber, and they could not have done anything if 50 or 60 wagon makers had gone down to the Council of National Defense, each one fighting for himself. But with this organization going down there through its committee, the whole thing was solved inside of two days,-the lumber part of it.

The committee went back to Chicago, sent notice to every wagon manufacturer in the country to come to Chicago, and they responded. All the details, the specifications, the character of the contract, deliveries, everything that a man wanted to know, was pointed out to them. They were asked 'how many of these wagons will you take?' And they placed 34,000 wagons there in one afternoon. That is a concrete illustration of what you can do when dealing with the government. This committee has entire charge now.

"Here is what it means to the government, The committee did not stop there. Whenever the Quartermaster General, the Ordnance Department, or any of the departments, wants anything with wheels on it, the first thing it does is to wire for that committee to thing it does is to wire for that committee to come to Washington. The whole industry sits perfectly still until it comes to them and says 'here is your portion' and 'here is your portion; this is the cost. Here are the specifi-cations.' It is done without delay. It is done in a businesslike way."

THE subject of price-fixing was introduced by W. H. Stackhouse, of Ohio.

"That conditions to-day make it the imperative duty of the government to fix prices with reference to certain basic raw materials there can be absolutely no question, when we only look back at the disreputable deportment of some of the producers of basic raw ma-terials and necessities of life. It is inconceivable that we should be fighting a foreign foe, and at the same time submitting to pillage at home.

"I submit that in matters pertaining to raw materials and various necessities of life we should ignore minimum prices, and suggest to the government that it confine its artivities and powers to fixing maximum prices

"In fixing prices, the government should endeavor to make them sufficiently liberal to stimulate production, but not to go one step beyond that point. And in fixing these prices, it is the duty of the government to simultaneously consider and fix wages. Equitable prices of commodities and products are necessarily predicated upon the payroll, and the law of equity is inevitably violated when one of those elements fluctuates either up or down and leaves the other stationary.

FURTHER evidence as to how whole inf dustries are cooperating with the govern-ment was furnished by Mr. Lazard Kahn, of

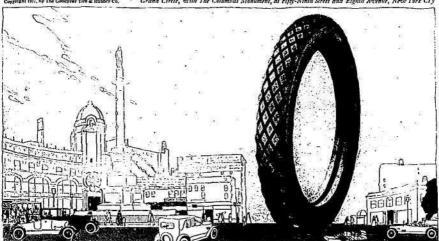
"I had the honor to be a member of a committee appointed by the manufacturers of stoves when they met very early after the declaration of war. The services of our association were offered to the government. services as unselfish as it was possible for human nature to make them.

"When the government was in need of stoves, the association was notified, the members of the committee went to Washington, and they stayed there, and they took with them expert engineers in heating and in cooking. They remained as long as the government had any need for these men, whom we paid out of our own pocket.

"The government wanted thirty odd thousand heating appliances to heat up all of these cantonment buildings. They wanted cooking stoves adequate to take care of and cook for all of these boys who were to be these boys are all housed in these canton ment buildings and tents, there will not be a single one of them who will not have a well-cooked meal, or, when the blasts of winter begin to blow, will not have a comfortable place to sleep in.

OMPULSORY arbitration was advocated COMPULSORY aronteation was any control by Mr. A. S. Kreider, of Pennsylvania for the "Organized labor has been standing for the principle of arbitration for the last twenty years. We cannot afford, in this national crisis, to have our mines closed down, to have the production of coal interfered with, the production of copper interfered with, our transportation facilities interfered with, because of trouble between employer and employee.

"I believe that, as near as we can come in



Mile for Mile, They Really Cost You Less

BECAUSE they prevail on America's finest motor cars, Goodyear Cord Tires are sometimes referred to as luxury tires.

If extreme comfort, higher efficiency and greater freedom from trouble are meant by the term luxury, the designation is correct.

But if the word is used to include the matter of final cost, Goodyear Cord Tires are not luxury tires at all.

For first of all, Goodyear Cord Tires are economical tires—mile for mile they really cost you less to use.

In past advertisements we have reproduced for you letters from everyday users of Goodyear Cords.

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Your own experience with ordinary tires will verify the economy of this sort of service.

No doubt it will force you to agree with one man's tribute, that, on mileage alone, these are "the cheapest tires in the world."

But the economical advantage of

Goodyear Tires is not entirely confined to mileage.

It is so broad and comprehensive it affects almost every phase of car operating expense.

The money saved on gasoline through Goodyear Cords' superior resilience, totals in a season, a considerable sum.

And the saving effected in carparts cost, through better cushioning of springs and structure, cannot be overlooked.

Nothing that we can say of economy, however, speaks so eloquently as the performance of Goodyear Cords themselves.

We should fear we were challenging belief did we claim for them such service as is regularly being reported.

A letter from Dr. W. H. Roberts, of Pasadena, California, for instance, recites an experience that is astounding.

He writes that one of his Goodyear Cord Tires has gone "a little over 30,000 miles and has never had even a puncture." Another letter, from Mr. Ed. Carlson, of Crookston, Minn., says in so many words that "Goodyear Cords are cheapest."

In remarking that two Goodyear Cords had delivered him 16,000 miles each, he writes, "I expect to get at least 2,000 more miles and then I will have them retreaded."

And another letter, one of hundreds of its kind, is from Mr. Perry Swinney, of Santa Monica, California.

He writes that his Goodyear Cords "have now made 13,143 miles, and are in condition to run hundreds more."

And further, that "through the intense summer heat and constant change of temperature we have not touched these tires. They carry the original air at the same pressure as when they were applied."

Goodyear Cords are luxurious tires in point of merit—but they are sternly economical tires in point of final cost.

Their quality makes them higherpriced—and better.

The Goodyear Tire & Rubber Co.

GOODYEAR CORD TIRES

solving that problem, would be for this Chamber to recommend to the government that all disputes between employer and employee shall be settled by arbitration, that strikes or lock-outs are absolutely unreason-

able, and shall be considered as an act of treason, when they apply to any article of production or manufacture or transportation that the government has need of the prosecute

For Railways, Waterways, and Highways

These Three Form the Big Industrial Trinity on Which Winning the War Depends

A DISCUSSION of the subject of land and 'the meeting gave the convention some information took place on the ation on the wide use that is made of the watersecond day of the convention; and while it was not a Group Meeting, it had much of It was not a Group steering, it may make the importance of one. It was led by Samuel Hastings, President of the Illinois Manuclarurers' Association; and by Walter Parker, Representative of the Department of

Commerce on Inland Water Transportation. Mr. Parker in a brief address urged on the convention the need that it take a strong interest in the whole subject of Inland Waterways, parely to help out on the present transportation difficulties brought about by the war, and partly as a provision against the future. The demands being made upon the railroads, Mr. Parker pointed out, are so great that they have small chance to replace the rolling stock that they are wearing out; and in a few years the situation will become very serious. The thing to do is to act now: for in a couple of years we could put our system of water transportation in such condition that it could take its share of the burden. The speaker also went into the question of terminal difficulties, and urged a coordination of function between the railroads and the waterways

Theodore Instice of Philadelphia, later in

ation on the wide use that is made of the waterways of Europe, particularly those of Germany.

"The Danube to-day", said Mr. Justice.
"is black with barges that have come from all over Europe, carrying military supplies, as free from enemy attacks as in time of peace, and by this means the railroads are relieved of their congestion; and the German empire can move an army corps across from one army frontier to another in forty-eight hours. That is impossible for the Allies in three months. That is owing to the development of their internal waterways as a means for national defense.

The subject of good roads was introduced by A. P. Sandles, former State Secretary of Agriculture in Ohio. Mr. Sandles developed the point that highways, waterways, and railways make the great trinity of transportation; and that it won't do to neglect any of them. In emphasizing the importance of good roads for keeping the farmer on the farm and so insuring

the food supply of the nation, he said:
"As Secretary of Agriculture in Ohio, by
direct appeal I asked forty-two hundred farmers why they were leaving the farms, and the three answers that outweighed all the rest were bad roads, poor schools, and poor

A WHITE LIST OF

BUSINESS BOOKS

churches. I believe that this Chamber of Commerce should send a message to this nation to do what it can to improve rural contentment, and rural conditions; and to keep the farmers on the farms, and the farmer boys in the corn field feeding the pigs and the cattle, instead of wanting to go into the great cities and hear their heels hit the sidewalk between supper time and bed time. We must keep them on the farms, and so increase food production. The empty belly is one cause of ots of strikes.

The discussion of the transportation was interrupted at this time by A. E. Winter, of Green Bay, Wisconsin, who presented in behalf of the Chamber of Commerce of Green Bay a resolution that the Senate be asked to expel Senator Robert M. LaFollette. The resolution was received with great applause. and was referred to the Resolutions Committee

The Scourge of God . (Continued from page 13)

tree in the garden; and when the officer and soldier had left him and were busy setting firto the next house, she cut the rope, revived the strangled boy, only to find the soldiers had returned; and while the officer held her hands behind her back, his assistant poured petrol on the boy's head and clothes, set fire to him, and while he staggered about, a flaming torch, they shricked with laughter.

When they had burned all the houses and retreated, the next morning, the prefect of Lorraine reached that Gethsemane, and photographed the bodies of thirty aged men lying as they fell, the bodies of women stripped and at last slain; while in the next village stood the ruined square belify into which the German-

FROM time to time, The Nation's Business has been asked to recom-

mend books for reading by business menbooks which. while enabling them to get a firmer grasp of

the principles underlying success in industry and commerce, would at the same time give them a broad conception of the functions of business.

These requests disclosed a vision of service that could be rendered to business men, and, through them, to the country.

To render that service, expert knowledge and long training in picking out the best publications and in digesting them in such a manner that the busy man may know what he may expect to find in a given book, were needed. The Nation's Business knew the man

who is fitted, perhaps better than any other, to prepare a White List of Business Books.

Therefore it has arranged with

JOHN COTTON DANA to perform that service for its readers. Beginning in our November issue, he will tell business men the books to read.

The name of John Cotton Dana stamps this new department of the magazine as authoritative. Mr. Dana, who is librarian of the Free Public Library of Newark, N. J., is a pioneer in the movement to induce business men to read business books. In commercial circles. from the Atlantic to the Pacific, his word carries weight. He will demonstrate to the busi-, ness man that "IT PAYS TO READ"

Make Your Sales Where Business Is Best!

(See map on page 41)

Business today is best where the farmers are. Country people generally are better off today than ever before in their lives—they have more money in banks, and more money in sight, than in any previous generation. Also, the people who get high prices have more money than the people who pay them, so biggest sales in pretty nearly all lines for the

是是是有时间,我们就是有时间的,我们就是有时间的,我们就是是一个人,我们就是一个人,我们就是一个人,我们就是一个人,我们是一个人,我们也会会会会会会会会会会会会会会会会

MESCATE TO A Commission of the commission of the category of t

next few years are bound to be to country folks. Food, clothing, automobiles, necessities and conveniences of all sorts can best be sold in the 29 states where business is best (see good business map on page 41) and where The Farm Journal (the biggest farm paper published) concentrates its over-a-million circulation.



In these 29 states are 80% of the country's banks, 84% of the clothing stores, 89% of the hardware stores, 89% of the implement dealers, 97% of the farm owners, 84% of the lumber dealers, 89% of The Farm Journal's circulation. Your advertising counsel will gladly show you how country dealers are directly influenced by advertising that appears in The Farm Journal. You ought also to read "More Business for Every Store," a book warmly commended and immediately utilized by Rice & Hutchins, the Simmons Co., Armour & Co., Royal Worcester Corset Co., Himman Milking Machine Co., S. L. Allen & Co., and others who sell through retail stores. Ask for this worth-while book todds

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The Battle

Business

The Nation's Business believes that many of its readers will desire to preserve in permanent form the remarkable resolution passed unanimously at the War Convention of business men in Atlantic City. It has therefore made arrangements to furnish to subscribers the reproduction shown on page 11 of this issue. on a 10 x 12 wall card, or suitable for framing, in two colors. Please send ten cents to cover cost of packing and mailing, To others, not subscribers the price is thirty-five cents.

had lifted machine guns, then forced every woman and child-275 in number-into the little church and notified the French soldiers that if they fired upon the machine guns, they would kill their own women and children. After several days' hunger and thirst, at midnight, these brave women slipped a little boy through the church window, and bade their husbands fire upon the Germans in the belfry. saying they preferred death to the indignities they were suffering. And so these Frenchmen turned their guns, and in blowing that machine gun out of the belfry killed twenty of their own wives and children.

In a hundred years of history, where shall you find a record of any other race, who call themselves civilized, who are such sneaking cowards that they could not fight like men or play the game fairly, but in their chattering terror put women and little children before

them as a shield.

DURING the January snows, a dear friend and noble surgeon, at the head of a hospital at the front, wrote me a letter which stays my heart as the anchor the ship in time of storm. The ground was deep with snow, many wounded men had been carried in from the field, but at midnight, when his work was done, the

physician wrote me this letter:
"This war is of God. Sometimes it is peace that is hell. The soldier's life is a life of poverty, obedience, self-sacrifice; we know what the civilian's life is. But for the chas-tisement of this war, Berlin and Vienna, London and Paris, would have descended into London and Paris, would have descended into hell within three generations. I once spoke in your Plymouth on the blessings of peace: if ever again I have that privilege, I shall speak on the blessings of war. I never dreamed that men could be so noble. For three months I have slept on the stone; for three months before that in a tent; for six months I have not been in a bed; but I have never been so happy. I have acquired the never been so happy. I have acquired the fine freedom of a dog, and like a dog I wear a metal tag around my neck so that they may know to whom I belong when it happen-that I can no longer speak. And never wa-a man engaged in a cause so noble. I have seen Belgium; I have seen a lamb torn by the wolf; I am on the side of the lamb. I know the explanations the wolf has to offerthey do not interest me. I only wish you were here with me at this battle for your own good: for right here at this western front this war will be decided, just where all the great wars of history have always been decided. It is decided already, but will take the enemy some time yet to find it out."



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Because of the great increase in the number of requests for this Service during recent months, we prefer to limit ourselves at this time to manufacturers whose plants are located in the East.

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NEW YORK CITY

Our Obligations to Russia

Mr. C. H. Boynton, President of the Russ sian-American Chamber of Commerce, speaking at the war convention, said that Russia's financial and economic conditions are grave. and her war indebtedness will be huge. And yet because of her resources she will throw off her burden rapidly as soon as the political strife within and war without cease and give the nation an opportunity to utilize its energy in peaceful pursuits and industrial develop ment.

We owe it to Russia as an historic obligation as well as in that greater program of making democracy safe, he said, to aid her unselfishly and generously with all the resourceand ability we can muster. Her appeal is one to which we should respond willingly and effectively and we will do our duty.



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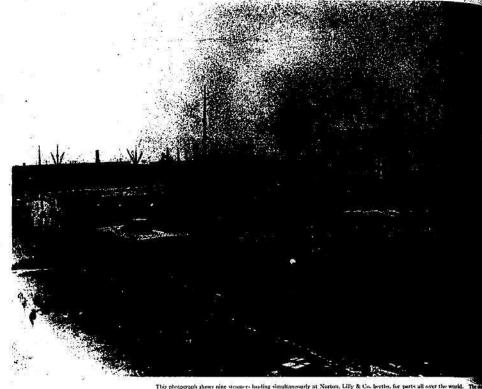
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Regular service from New Orleans and Galveston to Marseilles and other Mediterranean Ports,

Keying Up Industry to Maximum Efficiency

(Concluded from page 16b)

gets adequate support. It is partly a question of first conserving the labor supply that we have; and it has happened many times that there has been a turn-over of labor, even in shipyards, of more than 500 per cent.

The Emergency Fleet Corporation will give special attention to the problem of meeting labor shortage through the best technique that can be developed, on the one hand, through the employment departments of private corporations and on the other hand a proper scheme of working together between the employment departments of corporations and the shipyards. In addition there will be phase of the employment problem is going to

undertaken a policy of training new workers for industry, based on special knowledge of what industry meeds in the way of help. All this will tend to stop reckless hiring and firing in industry, through the prevention of friction and through a more intelligent cooperation between labor power and employer power. Major E. G. Brackett, of the Surgeon Gen-

eral's Office, addressed the meeting on what the government is preparing to do with regard to disabled soldiers, with special reference to the question of their cure and reemploy-ment in industry. This question becomes increasingly important as time goes on, and steps for solving it have to be taken at once.

Disabled men will need medical attention, and will need to be made capable, when possible, of returning to industrial life in some capacity. Artificial limbs will have to be supplied. There will have to be facilities for treating shell-shock, and other serious nervous conditions.

Many of the returning men will never be as fit for industry as they were before the war; and arrangements therefore are being made by the government for what is called occupation of the milder type. People are now being trained to teach particular occupations, and to train them back to the habit and skill of industry at once. In addition, these partly disabled men will have to be found situations in many cases; and the country will be canvassed thoroughly for such situations. The result of all this will doubtless be that the handicapped man, whether handicapped from war or otherwise, is going to have a much greater chance in life than he has ever had

Even this brief digest is sufficient to show the immensely suggestive nature of Major Brackett's talk. Nothing more concrete, strongly constructive, and of more definite promise with regard to the gigantic revolution that is taking place in human society as a result of this war, was uttered in the course of the convention. We regret even more than usual that space does not permit us to give

Major Brackett was tollowed by Mr. Bruere, who emphasized that "a way must be found for the establishment of constructive relationships between employers and worken as a whole". He urged that the Chamber bring into being conferences throughout the country to this end, in which employers and workers would be represented, and that the government make it its business to require a healthy environment for workers,

WE shall not win the war quickly," he said, "unless industry is keyed up to its maximum efficiency and kept there." The speaker also suggested that a great industrial board be created under industrial management. for a constructive handling of this great ques-tion. And he added, "We are not looking for profits. We have no business looking for profits. If business can now meet labor on this ground. it meets it on a better ground than ever before in its history." And again, "Let us go out boldly into this question. I venture the opinion that labor will meet us more than half way; and when we have come into the bait of cooperation and conference, is it not possible to look forward to a period after the war when we shall be more able to cope with the difficulties involved in readjustment? The appeal is so enormous and the demand so great that the brain power of business ought to be exercised from now until the end of the war in meeting this the most crucial of all questions.

The rest of the group meeting was given over to the discussion and passing of resolutions to be submitted to the Resolutions Committee for action.

That Thin Russian Line (Continued from page 69)

We can not afford to have one strike in the country at this time. Every strike can be averted by mutual concession. I plead with all business men to set their faces against any such troubles.

I am a member of the National Committee. of Defense, of the sub-committee on labor. When our sub-committee came together the first day, Mr. Gompers made the remarkable address to us in which in the frankest possible way he held forth the hand of labor to capital. He pledged to capital every effort on the part of labor to preserve the peace, to prevent strikes or dissension. He offered that labor



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Address

should go hand in hand with capital to victory.

I beg of business that it will accept that offered t Deg of Dusiness that It will accept that offered hand. Dissensions! They are absolutely unniversary. Think of the things that are at stake. If Germany should win, that would become of business then?

Let every man give to this war that concentration of thought and purpose of mind that have made his business a success. Let him think of the needs of the republic as he has thought of the needs of his business. Let everything else stand aside. This war will be won by the concentration of mind. After all, it is mind that will determine. The Germans have brought to their problem this wonderful concentration of forty years. For forty years they have been thinking and studying and looking forward to this day. It is mind that will win. When the mind of the United States, the American mind, turns from its private affairs and devotes itself to the needs of the republic in this war, with the same power and resistless energy that have made us great.

-when that day comes, Germany is beaten.
I think of what happened in France when
the news came there that the United States had taken its place among the democracies of the world to fight for liberty. I remember the emotions of the French people. I re-member how the little children going to school that day dropped their books in the street and fell on their knees, lifted up their little hands, and prayed God to bless the republic of the United States, the defender of liberty, the champion of mankind. I bring to Americans that message from the little children of France "God bless the republic of the United States. God help her in her hour of need that is aproaching. God keep her true to her mission and her faith. God give her the victory that will mean freedom for mankind, democracy for all of the sons of earth, life free from the chill of fear, life lighted with hope, light breaking upon mankind instead of despair." God give us faith to that mission.

"And Whatsoever Is Right I Will

(Concluded from page 67)

gives you costs fixed practically in the same And so you can go on in the same way without that exorbitant raise in the selling price, without the exorbitant raise in wages, retaining the purchasing power of the wage and the normal profit of the man in business, but destroying profiteering as it ought to be destroyed.

We cannot afford to allow our industries to be idle to any great extent. We cannot afford to allow profiteering to take place, We cannot afford to allow unjust and arbitrary demands to be made by one portion of our people upon another. Our first duty, the important duty, the duty that must be taken care of before all others, and to which all others must yield, is to win this war and preserve our democracy for ourselves and for future generations.

War, the Uniter of Nations

(Concluded from page 21)

though their turn might be the last to come. it would come; and they would rather have the war fought in Europe than fought in Australia.

While all of us are absolutely determined that the brave Queen of Belgium shall get back to her place—she and her young king have been living practically in the trenches these last three years-while all of us are determined that the young Russian Republic shall have the support of every one of us, and that France shall hold her head high, as she held

it before the war, we all of us know that each of us is fighting his own war. We all of us fear that the horrors we know are going on in Europe may be brought to our own country. That is one of the reasons we are at war. Many of us have friends in Germany, and we also know it is our duty to relieve them of the horrible system which has reduced them to mere machines, mere pawns of a deadly and

THE NATION'S BUSINESS

horrible military caste.
I recently read something written by your great statesman, Mr. Root. It has to do with the brighter side of war. This is what he said: "The war has brought sympathy, ennobling

sympathy to us all,—sympathy for poor, struggling, pleading Russia; sympathy for little Belgium, like a ravished child, trodden down by brutal and bestial armies: sympathy for the noble patriotism and lofty character of beautiful France; sympathy for the patriot-ism that leads the Italians to maintain warfare in the hope that they may recover Italia Redentia."

I can conclude with no nobler sentiments than those,—sentiments that I have found, in this personal visit of mine to the United States. to permeate the hearts and homes of hundreds and thousands of your generous people.

A One-Hundred-Cent Dollar Abroad

(Concluded from page 64)

manding truth from those who attempt to guide the public, and to living up to his part as a constructive citizen of one of the great nations of the world.

Such action on the part of our business men will so clean our industries and our politics from waste that our internal development will Our trade reach out toward all other nations. will so flourish that we will hold a dominant position in international exchange. By this is not meant that we would be wealthy and have the other nations poor, but that we would hope for the greatest prosperity to each, even as we would strive for international leadership in trade.

If we allow our institutions to be de-stroyed from within, what avails it if we win a foreign war and succeed in obtaining for our people protection in foreign countries which they cannot find at home? Men of business, live up to your responsibilities, and government will meet you half way.

HERE has been no attempt to argue in detail the methods necessary to give the greatest stability to exchange markets during the balance of the war. The proposition is one that is so vital to governments that it must be handled through Departments of State and Departments of Treasury. Some of the reasons for this have been hinted at. not with the purpose of determining or suggesting a policy, but to call to the attention of those interested how far-reaching and vital can be the effects from ignoring the value of the stability of exchange, and how impossible to regulate it without concentration of all the forces concerned, which can only be done by government.

To my certain knowledge, the Treasury Department of the United States realizes fully this whole situation. Its action has been based upon intelligence and the broad lines of the country's greatest good now and after the war. The Secretary of the Treasury and his assistants are in position to obtain advice from those in touch with our foreign trade, and they have not neglected to do so whenever it has been felt that it would be helpful. And they can be depended upon to do so in the future. Our government is exerting itself to the utmost to protect our people and our institutions.



isk for Better Farm Implements and to Use Them. A book that's yours for asking. Mention "The Nation's Busin please.

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We believe it is worthy of mention that the first Trust Company in New York to become a member of the Federal Reserve System was the Broadway Trust Com-pany, which joined in August, 1915. To-day this institution still remains the only Trust Company member in the State of New York.

Our deposits on August 1, 1915, were \$20,585,000. On August 1, 1917, they had increased to \$31,948,000.

This growth indicates that our patrons have confirmed our judgment in joining the system, of which all national banks in the country are also members.

Broadway Trust Company

FREDERIC G. LEE, President Woolworth Building

Petroleum???

(Concluded from page 36)

secured through drilling new wells. New enterprises must be undertaken and new capital enlisted. This is impossible in the face of higher costs and a larger percentage of failures because of dry wells unless the profits to the producer of crude petroleum remain attractive.

I do not propose any plan whereby there can be a chance of a runaway market price, either for crude oil or for the refined product. But an exceptionally large percentage of refined petroleum products is consumed by those wanting it for use in automobiles and not necessarily to keep themselves alive, as they need coal or food, but because such use is desirable in the rounding out of one's life and in the promotion of one's business. The law of supply and demand, with reference to this great field, involving the use of the automobile in our daily lives, should therefore be given reasonable opportunity to operate. Certainly, every possible inducement should be held out which it is necessary to hold out to bring forth a greatly increased quantity of crude oil production.

To conclude, let me say that there is not the slightest danger of there being a deficiency either of crude or refined products necessary for the uses of our Government, or for the uses of the Allies, in the conduct of this war. America is producing and can produce all that will be needed for these purposes, and I suggest the following policies as ones which should be adopted with reference to the subject as a whole, and which may also apply in other industries:

1. Our Government should receive the first call upon all petroleum produced, either for itself or as it may designate for the use of our Allies in their conduct of the war.

2. The petroleum industry is not so far as prices go, on a war basis. I mean by that statement to say that the prices are reasonable and fair and no undue advantage has been taken because of either the extraordinary demands due to war conditions or increased costs or shortage of crude. Prices have not materially advanced during the present year in spite of the increasing costs due to increases in wages and high costs of material, and I believe the trade generally will maintain that position, making only such advances in the prices of their products as may be necessary to meet increase in costs of manufacture or material or crude oil. 3. Should, however, there develop a ten-

dency towards the establishment of a runaway price, for instance, for gasoline, it would

invite Government regulation of prices,
4. Within these limitations, the law of supply and demand should be permitted to operate freely. There should be a campaign of education of automobile users, showing them how they can obtain the utmost usefulness from their cars with a minimum consumption of gasoline; and above all else, every possible inducement, patriotic, educational, and financial, should be given to the crude oil producers of the country to bring forth from the earthwhere plenty of oil is still concealed-all the crude petroleum which may be necessary not only for the conduct of the war, but enough to insure the progress of business and the happiness and comfort of our daily lives.

Therefore Be It Resolved—

That Industry Pledges Itself to War Till the World Shall Be Made Unsafe for Autocracy

O man can tell in this day just what future generations will say of the War Convention of American Business at Atlantic City and of its Twenty-four Resolutions. But it will prob-

ably be something like this:
"Here, for the first time in history, the business men of a nation of 110 million people. representing the greatest concentration of economic power in the world, assented to the greatest single economic and social change of which we have have any record in history—a change that was to base government, business, and all the fundamental conditions of life. on cooperation and fair dealing between men and nations. Here, in convention assembled. the business men of a whole nation staked everything they had in the world in their readiness to see that change through, and to support to their last dollar and their last man. the War that was to make it possible."

And these are the words into which the men of the future will read that meaning:

of the future will read that meaning:

THE people of the United States, in defense of the Republic and the principles upon which this nation was with no linst for power and no thought of financial or traction and the principles upon which this nation was with no linst for power and no thought of financial or traction and the principles of the principle

Calls for Government Control

WHEREAS. The chief purpose of this time of American business is to help win the war and all other work is sub-ordinate to the production of war materials and supplie-

Minneys is to one, and the production of war materials and supplies of the production of war materials and supplies to the great demand for war materials and supplies to to create high prices and great industrial products so that our covernment faces not only the product of t

Wells Fargo Money Orders

Are a convenience to both sender and receiver. You only have to put up the money and ask the clerk to make out the order-to any person in any town on the western hemisphere. The receiver may cash it, endorse it to any firm or individual, or deposit it in the bank.



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government to business, the government should have the perset during the period of the war to control prices and the distribution of production for public and private needs to whatever extent may be necessary for our great national

manufacture extent may be necessary for our great national perposet.

Be II for the ware convention that all each paying about the perpose of the perpose of

We Must Help Russia

WHEREAS. The United States of America. for the prerespiration of its independence from the domination of milicary autocracy and to do its full part in the establishment
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of whereas. The Chamber of Commerce of the United
States, retresenting nearly 1,000 Chambers of Commerce
and Commercial Organizations in every one of the firstoriginating of the United States are the states of the control
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mobilization of the entire generative roots revealed by Wisseas, The Chamber of Commerce of the United States heartily approves the action of the United States heartily approves the action of the United States Government in assisting tree Russia with muney credits and with war supplies, including large numbers of railtread cars and locomotives and believe such golds and the compared of the properties of the designs of the path, or the properties of the prope

BE IT RESUME. That the Chamber of Commerce of the United States welcomes the piportunity which is given to the great period of the Chamber of Commerce of the United States welcomes the piportunity which is given to the proper of Iree Russia; and their efforts with those of the people of Iree Russia; and The Chamber of Commerce and the Chamber of Chambe

Let Business Sell Liberty Loan

Let Business Sell Liberty Loan Whiteses, The business interests realize that for the vigorous prosecution of the war large sums of money are needed making occessey in adultion to sums rated by the sum of the matter of the matt

For a One-Hundred Cent Dollar

For a One-Hundred Cent Dollar

Winsuras, The foreign trade of the United States for the
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Wittenas, Logas to our Allies greatly exceed our 'favorable balance of trade.' and which our entire foreign trade
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the only form of cash payment which our entire foreign trade
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With the country of the world.

Walnizario Peace Standards White War Lasts

Maintain Peace Standards White War Lasts

Maintain Peace Standards While War Lasts RESOLVED, That the principle proclaimed by the Com-

mittee on Labor of the Council of National Defense and so cloquently restated before this Convention by the Secretary of Lailor, "Mad during the present emergency employers change the standards which they were unable to change the standards which they were unable to change under normal conditions" be endorsed by the Chamber of Commerce of the United States as the necessary loss for maximum production while the country is an war.

. Save the Daylight

WHEREAS, Adoption of the daylight saving plan would convert the property of the property of the productiveness of many millions where in a flow the productiveness of many millions where in a flow, will and ship yard and will be saving the passed with the productiveness of many millions where it is a flow with the productiveness of the productiveness of the productiveness of the productive the

No War Profiteering

No War Profiteering
Resouven, That during the war it is essential to the
maintenance of sound industrial relations that
there he no profiteering by producer, distributer, laborer or
manufacture.

Good Roads Needed for War Traffic

Good Roads Needed for War Traffic
WHERES, It is exential that all the transportation
incitizes of the nation should be brought to the highest state
recommically from the larm to the market, that manufactured products be moved at the lowest cost from the factory to the consumer, and
the state of the state of the state of the state
of the consumer, and the state of the state
and conomical means to supplement transportation by rail
and water, therefore
IT IT RESOLVED, That the prompt improvement of our
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War Service Committees Needed

WHEREAS, The dealings of the government with the business men of this country incidental to the war will be on a Raile and of a magnitude never before attained; and raile and the substances in the desirable that a point of contact be exhibited between the government and each particular

tabilished delivers are all industries not already
BE IT RESOLVED. That we urge all industries not already
oxganized to become so at the earliest possible moment; and
BE IT FURTHER RESOLVED. That all such industrial

organizations should appoint a War Service Committee independent of any governmental committee, such committee to be made up of representative men in the industry whether the properties of the industry whether the properties of the industry whether the properties of the industry the government should deal with this committee whetever possible leaving to it where practicable into proper distribution of all orders for materials.

Arbitration for Labor Disputes

Arbitration for Labor Disputes

RESOLVED, That we recommend the creation of a Federal
Board to be constituted equally of representatives of employers, employees and the programment, to which shall be
ployers, employees and the programment, to which shall be
ployers, the state of the programment of the shall be
during the war; and we affirm that during the adjustment of
such disputes there should be no interruption of production
by lockout, strike or other causes within the control
of employer and that the decisions of the board
should be accepted as binding by both parties to this end
we having the cooperation of jabor and picking our own-efforts.

Want Universal Military Training

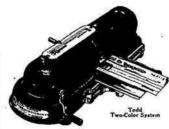
WHEREAS. The Chamber of Commerce of the United States of America at the Fifth Annual Meeting in its National Defense Resolution advocated the adoption of certain measures concerned with the defense of the nation.

certain measures concerned with the defense of the natural WHEREAS. Substantially all of the recommendations embraced in that resolution have been put into effect with the exception of that one referring to Universal Military RESSOLVEN. That the Chamber of Commerce of the United States reiterate and reaffirm his conviction that the adoption of Universal Military Teatings as laid down in Referendum No. 15, proposal No. 7, is necessary and essential to the present and clutter safety and success of the nations and that no principle is more in accord with a democratic than that which asserts that every able-bodied male citizen owes military service to his country.

Let Industry Combine for Expert

Winexas, Conditions in international raide will be extraordinary after the close of the European war, and Winexas, it has now been definitely entablished by an extraordinary after the close of the European war, and that before the preent war. American exporters were placed as great disadvantage in foreign markets by reason of their belief that under our laws they could not cooperate in their export trade, and

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Whereas, They met combined competition from manufacturers and exporters of other nations, and Whereas, A bill giving express permission to Americans to cooperate for export trade on condition that restraints recompeted to export trade on condition that restraints Representatives by an overwheelming majority and is now before the Senate Committee on Interstate Commerce; now, therefore, That the National Chamber assembled. Its IT RESOLVENT of American Business wither to reiterate its exprise expressions concerning the great importance of such legislation to the welfare of American industry and trade and

ance of such lecidation to the welfare of American industry and trade and was Resource. In That although the occupation of the Scale Committee on Interestate Commerce with proposals for other legislation of importance is thoroughly realized, the Senate Committee on Interestate Commerce as asked to report the present bill, known as the Webberreits of this bill be considered by the Senate and the welfare of the bill be considered by the Senate and the welfare of the bill be considered by the Senate and the welfare of the bill be considered by the Senate and the welfare of the present session of Congress and before the considered trade is because of the considered by the Senate and the welfare of the present session of Congress and before the considered trade is because the senate of the present session of Congress and before the senate of the present session of Congress and Senate Congress and S

MHERES, Alless enjoy the benefits of the free institu-tions and prosperity of this country although exempt from the property of this country although exempt from Be 17 Resolvero. That all citteres affiliated with the Chamber of Commerce of the United States are urged to do all in their power to persuade resident alless to take their stand upon an equality with our cittern for the defense of the United States by making application for citternship

To Promote International Chamber

RESOLVEN, That the Chamber of Commerce of the United States request its Directors to appoint a committee to make 4 study of the question of the reconvening of the International Congress of Chambers of Commerce at the calliest time that is judged expedient, and that the Directors of Executive Committee be empowered to take such action 4x seems clearly wise in the light of this committee's study.

Would Help Commercial Economy Board

Would Help Commercial Economy Board RESOLVED, That is is the sense of this meeting that the retail merchants of the United States lend their hearty and active cooperation to the Commercial Economy Board of the Council of National Defense and to the United States and the United States and the United States and the Council of National Defense and to the United States and commodities, as they may be needed by the United States Government for the defense of the nation during the States Government for the defense of the nation during the RESOLVED. That every Chamber of Commerce and Board of Trade affiliated with the United States Chamber of Commerce to asked to form one or more Economy Conmitties under expable and districterated leadership, whose Economy Board and the United States Chamber of Commerce, to consider methods of reducing any unnecessary expense in retail distribution and endeavor to secure the force of public colinion in carrying out such economies as many than the commerce of Commerce of the Commerce of the Commerce of Commerce o

To Sustain U. S. Employment Service To Sustain U. S. Employment Service WHEREAS, In considering employment problems raised by the war, the Chamber of Commerce of the UnitedStates finds imperative need for a common agency whereby employers may be connected with workers seeking employ-

employers may be connected with workers seeking employ-ment, and
Witteras, The evidence of business men who have used
Witteras, The evidence of business men who have used
agrees that the United States employment service of the
mergencies only because too limited in eatent, therefore
be it

RESOLVED, That the Chamber of Commerce of the United States approves the usefulness of the United States Employ-ment Service and recommends that Congress sustain the said service by ample appropriation and direct its immediate extension as a war measure.

Endorses Commission on Poreign Trade

Endorses Commission on Pereign Trade RESOLVED. That this convention endorses the action of the Directors in creating a foreign commission, contingent upon sufficient funds being obtained for its support, who upon sufficient funds being obtained for its support, who whereby the business of the country may be an exten-sion of the member of the Country may be an exten-tion of the members of the Chamber.

For Co-operation in Price Fixing

For Co-operation in Price Fixing

-Whereas, The Chamber of Commerce of the United
States has placed hased on records in layer of governmental
States has placed hased on records of layer of governmental
Whereas, Such fixed prices will of necessity be based or
cost of production, and of the various elements entering into
such cost of production, including raw materials, labor,
transportation, etc., may vary from time to time.

Ber TRESOVEN. That the Chamber of Commerce of the
Theory of the Commerce of the
Ber Tresoven to the three of the Commerce of the
as have the responsibility of so fixing prices that they shall
afford opportunity to industries affected to precent changes
in cost of production to the end that such fixed prices may
be revixed when necessary in order that the proper relation
be revixed when necessary in order that the proper relation
be made of the production and such fixed opices may
be maintained.

Asks for Quarterly Tax Payments

WHEREAS, The payment at one time each year of federal war taxes of large amounts, has often been a great burden and inconvenience to individuals, firms and corporations

and,
WHEREAS, Such single annual payments by the enormouaggregate amount of them bid fair in the future to be a
disturbing influence to the banking business of the country
to the inconvenience of the public, and
whereas, The bill now before the Congress foreshadow
a viast increase in these embarrassments to the country;

a vast increase in these embarrassments to the country-therefore. Book of the Country of Country of the United States strongly recommends to the Congress that the bill of law be to amended as to cause the total star, when above a certain amount, to be payable in four quarterly installments.

Would Admit Pareigners to Constwise Shipping

Would Admit Portigners to Coastwise Shipping WHEREAS, Many coastwise vessels have already been withdrawn from the coastwise trade, and WHEREAS, The war needs of the government may requires withdrawn of all coastwise tonnage suitable for overseas. WHEREAS, Railroad transportation already finadequase to supply the many industries essential to the successful substances of the successful substances of the successful substances of the successful substances which were the substances of the successful substances of the substance of the substances of the substance

Por More Care and More Ships

WHEREAS, Our systems of transportation on both land and water are vital and decisive in the successful prosecu-tion of the war

and water are vital and decidive in the successful procession of the water of the Vinted States commends the splendid results achieved by the cooperation of the Railcoad Commerce of the United States commends the splendid results achieved by the cooperation of the Railcoad Combete of the Vinted States commends the splendid results achieved by the cooperation of the Railcoad facilities, and we appeal for the cooperation of railcoad facilities, and we appeal for the cooperation of railcoad employers to the end that the carriers in spite of limited facilities may be equal to the constantly no industry shall suffer discrimination in supply of transportation equipment, and
BE IT FUNTURE RESOLVED. That we true a vast and immediate increase in the number of American ships and immediate increase in the number of American ships and stand solidity and unifficultarily behind the United State Shipping Board and the Emergency Ship Building Cooperation so that in spite of submarine destruction our men at the front may lack nothing to maintain their fighting efficiency.

Members Should Call War Meetings

RESOLVED, That each and every organization member of the Chamber of Commerce of the United States of America be and is hereby requested to call a war meeting of all its members before November 1, casuing, for the purpose of furthering to the utmost in their respective communities the lessons of this Convention.

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